Austria Sch22	Indonesia Rp3100	Portugal Esc120
Bahrain Din0.650	Israel IS3.50	S.Arabia Rls7.00
Belgium BFr65	Italy L1700	Singapore S$4.10
Canada C$1.00	Japan Y400	Spain Pta145
Cyprus C£0.90	Jordan Fils500	Sri Lanka Rup30
Denmark DKr10.00	Kuwait Fils.500	Sweden SKr9.00
Egypt E£2.25	Lebanon $L125.00	Switz SFr2.30
Finland Fmk7.00	Lux LFr48	Taiwan NT$65
France FFr6.50	Malaysia Rlm4.25	Thailand Bht50
Germany DM2.30	Mexico Pes300	Tunisia Din0.800
Greece Dr120	Morocco Dh6.00	Turkey L600
Hong Kong HK$12	Neth Fl3.00	UAE Dh6.50
India Rup15	Norway Nkr10.00	USA $1.00

FINANCIAL TIMES

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Arms and the men: the Moscow summit, Page 22

World News

Cuba hints at peace plan for Angola

Cuba's representative at four-nation talks about the war in Angola and independence for Namibia raised the prospect of an internationally-guaranteed regional peace plan.

The representative, a senior member of Cuba's politburo, hinted at a superpower pact endorsed by the UN Security Council and proposed a verification process to ensure that Cuba met a commitment to withdraw all its 40,000-strong force from Angola. Page 22

Shuttle schedule survives fuel blast

A series of explosions which destroyed a Nevada rocket fuel plant on Wednesday would not delay the launch of the US space shuttle scheduled for May 25, Nasa said.

More than 250 people were injured and one was killed in the blast which raised fresh concern about the accident-prone US space programme. Page 6

Refinery explosion

An explosion and fire ripped through an oil refinery at Norco, Louisiana, killing one worker, leaving six missing and injuring 42 people. The fire that followed the pre-dawn blast was still burning more than 11 hours later, forcing the evacuation of 2,800 nearby residents.

Brazil acts on crisis

Brazil's Government planned emergency economic measures and sought backing from state governors for its attempt to rescue the economy from cisis. Page 6

Airbus shake-up

The Airbus Industrie European aircraft consortium agreed to a shake-up of its management structure and to improve its efficiency in response to a critical report from a panel of experts.

PLO consulted

The Association of British Travel Agents said it had discussed plans to hold its annual convention in Jerusalem with the Palestine Liberation Organisation.

Iraqi Gulf raid

Iraq said its warplanes attacked a large naval target, its term for an oil tanker or large merchant ship, in the Gulf near the Iranian coast. Page 3

Heavy water talks

Norway said it would summon Bonn's ambassador in Oslo to discuss the disappearance of 15 tonnes of heavy water, which can be used in making atomic bombs, after it was sold to a West German company.

Ecuador poll pact

Both candidates in Ecuador's presidential election campaign promised to keep tempers down following three deaths last week. Mutual accusations of violence had punctuated the electoral battle since the first round on January 31. Page 6

Booby-trapped toy

An exploding toy killed two children at Charsadda in Pakistan's North West Frontier Province, the Pakistan Press International news agency reported.

Sri Lanka killings

Gunmen from an outlawed Sri Lankan Marxist group shot dead four people in Kandy province, including two candidates for the ruling party in provincial council elections.

Sudan epidemic

More than 1,200 people, many of them children, died in a two-month-old meningitis epidemic sweeping Sudan.

Peak viewing

A Japanese television crew broadcast the first live pictures from the summit of Everest as Japanese, Tibetan and Nepali climbers scaled the mountain from opposite sides.

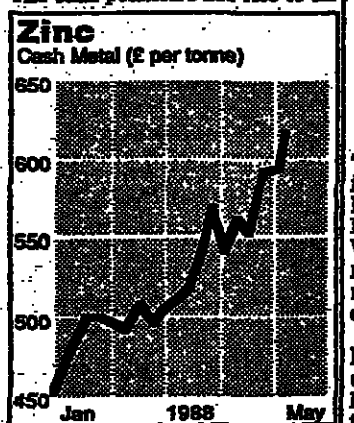
Business Summary

Kraft to sell Duracell unit in $1.8bn deal

KRAFT, US food manufacturing group, is to sell its leading alkaline battery manufacturer, Duracell, to the battery company's management and Wall Street investors in a deal worth $1.8bn. Page 22

FORD MOTOR, UK subsidiary of US automotive group, almost trebled its pre-tax profits last year and increased its operating profits by 555 per cent as part of the dramatic recovery staged by UK motor industry. Page 10

ZINC: London Metal Exchange zinc market tested fresh peaks as prices continued to be buoyed by good demand and falling stocks. The cash position's £11 rise to an



18-month high of £615 a tonne extended the latest upward run to five trading days during which a £30 gain has been accumulated. Page 34

LONDON: Chocolate maker Rowntree saw most activity in an otherwise quiet market as Swiss confectioner Jacobs Suchard declared an increased stake in the company. The FT-SE 100 index lost 5.2 to 1,789.5. Page 42

WALL STREET: The Dow Jones industrial average closed down 16.08 at 2,020.23. Page 46

DOLLAR closed in New York at DM1.6845, Y124.90, SFr1.4050 and FFr5.7325. It closed in London at DM1.6790 (DM1.68); Y124.60 (Y125.00); SFr1.3990 (SFr1.3995); FFr5.7150 (FFr5.7050). Page 35

STERLING closed in New York at $1.8610. It closed in London at $1.8670 ($1.8645); SFr2.6125 (SFr2.61); FFr10.67 (FFr10.6375); Y232.50 (Y233.00). Page 35

ROWNTREE, York-based chocolate company currently in the grip of a £2.1bn ($3.9bn) takeover bid from Nestlé, is planning a major rationalisation of its confectionery manufacturing facilities Page 23

GUINNESS PEAT Group, London-based financial services company, has been forced to abandon plans for a demerger after being told by Inland Revenue that it would no longer qualify for tax clearance. Page 23

DREXEL BURNHAM Lambert, US securities firm, has stopped its employees buying significant portions of junk bond issues underwritten by the firm before the securities are offered to outside investors. Page 26

BANK LEU, Switzerland's oldest and fifth-largest bank, is negotiating a merger with BZ Bank Zurich, one of the youngest and most innovative. Page 25

BANCO SAFRA, one of Brazil's five biggest banking groups, has won a controversial contest for a key stake in Aracruz, country's largest and most successful paper and pulp company. Page 23

ROYAL ORDNANCE, British armaments maker, is taking its first step into US manufacturing through a joint explosives venture. Page 6

JARDINE, Hong Kong trading and investment group, moved to bolster its control of Hongkong Land, territory's premier property developer, paying HK$1.83bn (US$234.6m) to acquire a further 8 per cent stake from a consortium of local companies. Page 24

ALLEGIS has received a takeover offer from the pilots of its United Airlines subsidiary, large US carrier, which would be the largest employee buyout in the US. Page 23

French diplomats Marcel Carton (left) and Marcel Fontaine (right) and journalist Jean-Paul Kauffmann arrive at Villacoublay airforce base outside Paris yesterday following their release after more than three years' captivity in Beirut

Paris denies ransom paid for hostages

BY ROBERT MAUTHNER IN LONDON AND GEORGE GRAHAM IN PARIS

THE FRENCH Government *firmly denied yesterday that it* had paid a ransom for three French hostages in Beirut on Wednesday night, but said it might now reopen diplomatic relations with Iran, which is claiming credit for their release.

The French hostages returned home yesterday after three years of captivity to an emotional public welcome. Mr Charles Pasqua, the Interior Minister, who led the negotiations for the three men's release, said that "not a franc, not a dollar" of ransom had been paid to the pro-Iranian, Lebanese kidnappers.

Meanwhile, in a further political boost for Mr Jacques Chirac, *the French Prime Minister, his* Government announced the freeing of 22 gendarmes and one magistrate held hostage by Melanesian separatists in the French Pacific territory of New Caledonia. The hostages were freed after an assault by special troops in which 15 Melanesians and two soldiers were killed.

Mr Chirac, greeting the three Lebanon hostages yesterday at a military airport near Paris, acknowledged that there would "inevitably be questions or doubts about the process which allowed the return of our compatriots." He declared, however, that the Government had acted *consistently with "dignity and* honour."

"Today, more than ever, France is determined to pursue, with the greatest firmness, the fight against terrorism," he said.

The French statements came as Mrs Margaret Thatcher, the British Prime Minister, told the Commons that her Government had received assurances that France had not paid ransom for the hostages' release. She was responding to widespread con-

Continued on Page 22

The price of freedom, Page 20; Questions over Syria's role, Page 2

Israel's allies dig in after main force withdraws

BY ANDREW WHITLEY IN JERUSALEM

SOUTH LEBANON Army militiamen yesterday demolished the village of Meidoun, the scene of bitter fighting on Wednesday between Israeli troops and Iranian-backed Hizbollah guerrillas, after the Israelis withdrew from their largest military operation in southern Lebanon in three years.

Reports from the area said the militiamen bulldozed about 60 houses in the former Shia extremist stronghold as Hizbollah (Party of God) fighters watched from the nearby village of Ain el-Tine. Several more suspected guerrillas were killed when an Israeli-supplied SLA tank opened fire on a passing car.

As Israeli troops completed their withdrawal, their local surrogates were busy consolidating themselves in a region previously under the sway of the Hizbollah organisation.

This may provide some temporary relief for Israel's northern border, subject lately to sharply increased guerrilla assaults and Katyusha rocket attacks. But it also brings with it the heightened danger of conflict with the 16,000-strong Syrian force stationed in Lebanon's Bekaa valley.

The front-line positions of the SLA – a mercenary force trained, financed and equipped by Israel – and of the Syrians, in the town of Machgara, are now only three miles apart. Nor have the Hizbollah fighters, many of whom took to the hills on Tuesday, been driven from the area. To forestall a fresh flare-up in the fighting, Israeli air cover was being provided yesterday to the demolition squads in Meidoun.

Major-General Yossi Peled, Israel's northern region commander, said yesterday that Israel's three-day operation in Lebanon – in which 40 guerrillas and three Israeli soldiers were killed – was a success.

However, in comments to an Israeli newspaper, he warned: "We will have to continue attack operations in Lebanon."

In Jerusalem, Israeli government ministers emphasised that "Operation Law and Order" had only had limited, non-political goals. Mr Shimon Peres, the Foreign Minister, described it as a preventive action, while Mr Yitzhak Rabin, the Defence Minister, noted the extent of previous co-operation in cross-border guerrilla raids into Israel between Hizbollah and Palestinian fighters.

Israeli military "advisers" are usually present with their militia allies in sensitive positions – partly for intelligence gathering purposes, and partly to act as a restraint.

Illustrating the continuing instability of the region, three Katyusha rockets landed yesterday within the Israeli-declared "security zone" near the border.

Israel tightens economic sanctions in West Bank, Page 3

Airbus sets shake-up deadline

BY DAVID MARSH IN HANOVER

A SLIMMED and strengthened management structure is to be put into place by January 1 next year at Airbus Industrie, the European airliner maker.

The moves, agreed yesterday at a meeting of the governments backing the Airbus project, aim to improve the four-nation consortium's efficiency and its ability to compete with Boeing of the US.

Ministers and officials from the four countries – France, West Germany, Britain and Spain – *said after the meeting at the* Hanover air show that Airbus's industrial shareholders had been asked to start work on the restructuring "without delay."

The Airbus supervisory board in charge of long-term strategy is to be reduced to a chairman – Mr Franz Josef Strauss, the Bavarian Prime Minister – *and four other members.* These will be the chairmen of the partner companies, Aerospatiale of France, Messerschmitt-Bölkow-Blohm of West Germany, British Aerospace and Casa of Spain.

The present supervisory board has 17 shareholder representatives, plus Mr Strauss as chairman.

Mr Erich Riedl, the state secretary in the Bonn Economics Ministry responsible for aerospace, who chaired yesterday's meeting, underlined that the 72-year-old Mr Strauss would be staying on. It appears, however, that his tenure will not be indefinite and that Airbus governments and shareholders will before too long start looking for a younger chairman who can devote more time and energy to the job.

A seven-member Airbus Industrie executive board is to be set up, with a strengthened position compared with the present 12-strong management committee, at the Airbus headquarters in Toulouse, France. The new team will include a powerful finance director able to examine fully, and control Airbus-related costs of partner companies.

Mr Riedl said the changes were necessary to adapt Airbus for the future. He was pleased that reorganisation changes suggested by a panel of "wise men" from partner countries had been endorsed by the industrial shareholders.

Mr Jacques Douffiagues, the French Transport Minister, called the reforms "indispensible but not sufficient" to give a full industrial dimension to Airbus.

Mr Kenneth Clarke, the British Industry Minister, said reorganisation took account of the coming to maturity of the Airbus group and the need for a unified European market from 1992.

Ministers yesterday also examined progress on possible airliner development co-operation with McDonnell Douglas of the US. Mr Jean Pierson, the Airbus Industrie president, will hold further talks on June 2 with Mr John McDonnell of the US group.

Decisions on the personnel in the new management structure will be made in the autumn after the next Airbus ministers' meeting

Moscow seeks co-operation, Page 6

Higher stake in Montedison for Dow Chemical

By James Buchan in New York and Alan Friedman in Milan

DOW CHEMICAL of the US said yesterday it had bought between 4 per cent and 5 per cent of Montedison of Italy and might increase its holding in an attempt to become a significant force in a restructured Italian chemicals industry.

Dow, which surprised the world industry last month by announcing it had bought stock for investment purposes in Montedison, said yesterday that it was filing with US anti-trust authorities to buy more Montedison shares. Dow said the filing was required under the Hart-Scott-Rodino Act if the investment is to be other than passive.

Yesterday's announcement came as Montedison, which has sales of about $11bn, prepared to hold talks with the Italian state-owned Enichem group on what could be a far-reaching joint venture in chemicals. Dow said yesterday: "The holding will allow us to participate in discussions on the restructuring of the Italian industry. These talks might lead to a change in our intent toward Montedison."

Yesterday's filing marks a pronounced change of tone at the second-largest US chemicals company, which enjoys sales of more than $13bn including $800m from business in Italy. Dow had said last month that the Montedison stock was for its "investment portfolio."

In Milan yesterday, the filing was interpeted as a hostile move by analysts and sources in Montedison. Montedison executives assume that Dow wants to build a stake of about 10 per cent, at a current cost of around $240m, to create, according to one Montedison executive, "the pre-conditions for opening an industrial-based discussion."

The Dow move cast a shadow just as Mr Alexander Giacco, Montedison's newly appointed American chief executive, sat down with Mr Lorenzo Necci, managing director of Enichem, for talks aimed at signing a letter of intent to create a joint Italian chemicals company.

Mr Giacco is offering to transfer Montedison's basic chemicals, fibres and fertiliser operations to the new joint company. Montedison, 42 per cent owned by Mr Raul Gardini's Ferruzzi group, also intends to transfer some of its debt to the new company.

Polish police storm factory, arrest strikers

BY CHRISTOPHER BOBINSKI IN WARSAW AND QUENTIN PEEL IN MOSCOW

SEVERAL THOUSAND Polish riot police yesterday stormed the Lenin steelworks in Krakow and arrested many of the leaders of a nine-day-old strike.

Mr Lech Walesa, under siege in the Gdansk shipyard along 3,000 workers, said he was sure the authorities also planned to use force against the yard.

Police used concussion grenades and batons in their pre-dawn assault on the Krakow factory. The authorities said 38 people were detained and that work at the plant had resumed. Witnesses reported more than 12 injuries.

In Washington, the White House criticised the use of force against workers but indicated that the Polish labour unrest would not have "serious detrimental effects" on the US-Soviet summit which starts in Moscow on May 29.

Mr Marlin Fitzwater, the White House spokesman, said:

"We deplore the reported actions of last night and strongly urge the government of Poland to begin a productive dialogue with all segments of Polish society, including (the banned trade union) Solidarity."

Mr Walesa, the Solidarity leader, sent a message from the besieged Gdansk shipyard, which is being occupied in protest against a management to close it down temporarily, saying he would be the last to leave.

He said that by using force in Krakow, the authorities were "ruining the possibility of logical and necessary solutions."

Mr Jerzy Urban, the Government spokesman, defended the action as unavoidable and said *economic reforms would continue.*

The police action failed to spark significant unrest elsewhere, although students at Warsaw University went ahead with a one-day occupation of their campus and public transport workers in Szczecin in the north-west struck for more pay.

In Warsaw yesterday, Mr Alfred Miodowicz, the head of the official union, failed to condemn the use of violence against the strikers.

He was speaking at a press conference called by the new unions to protest against Government plans to suspend legal dispute procedures, including the right to strike.

The suspension, which is to stay in force until the end of December, is included in a package of measures which are to be approved by parliament on Wednesday.

The measures, which according to the Government are aimed at speeding economic reform and *controlling inflation, in effect* give the authorities arbitrary powers to override company management decisions.

Moscow reacted with extreme caution to developments in Poland, insisting that it had no plans to intervene in the situation there.

China to subsidise urban consumers

BY ROBERT THOMSON IN PEKING

CHINA will embark on a bold campaign to increase vegetable and non-staple food production, and push prices down, by allowing the market to set prices in urban areas while subsidising residents on a monthly basis to offset the inevitable initial increases.

Urban residents will be given up to 10 yuan ($2.70) a month to cover the expected higher prices of vegetables, pork, eggs and sugar, the State Administration for Commodity Prices announced – the exact amount of the subsidy will vary from city to city.

The move was foreshadowed by the Government and several cities have already introduced the consumer subsidies, which replace subsidies keeping prices artificially low. But diplomats are surprised that the system will be introduced at a time of fast-rising prices. If prices continue to rise despite the new programme, factional friction in the party is almost certain to intensify.

In the first quarter of this year, prices in large cities of non-staple foods rose 24.4 per cent, with vegetable prices increasing 48.4 per cent, causing widespread complaints from people living in towns.

The Government wants inflation this year to be less than 10 per cent, but increases in non-staple food prices indicate that the target figure is in danger of being left far behind.

China after the National People's Congress, Page 4

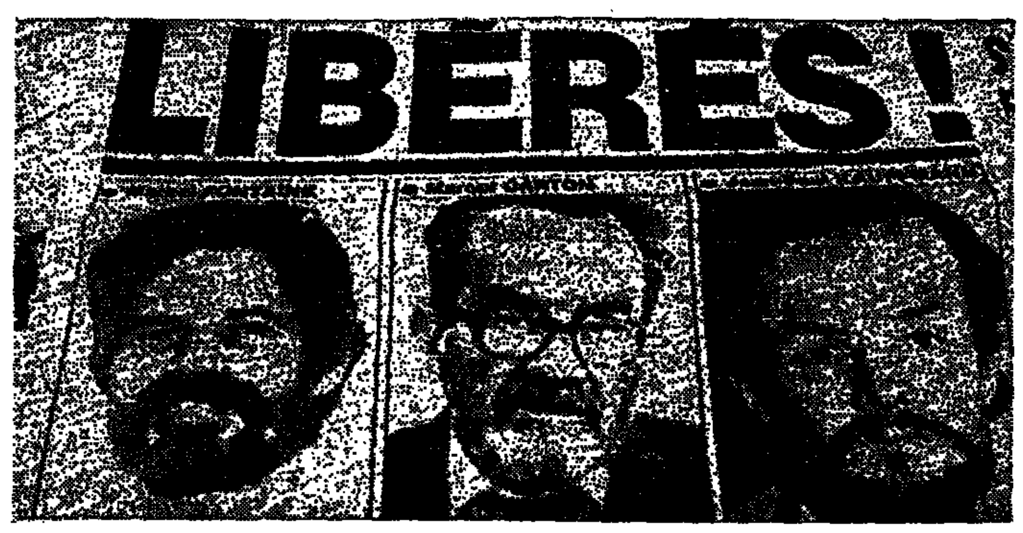
CONTENTS

GLIMMER OF HOPE FOR HARD-PRESSED SYRIAN ECONOMY

President Hafez al-Assad, who has revealed his high hopes for the oil sector, Page 3

Our Foreign Staff examine the background to the freeing of the three Frenchmen held in Lebanon

Questions surround Syria's role in hostages' release



MR JACQUES CHIRAC, the French Prime Minister, yesterday thanked the Iranian Government for its role in securing the release of the three French hostages, and said the re-establishment of normal relations could now be considered.

But Mr Chirac also thanked Syria's President Hafez al-Assad for "his personal action and the interest he has taken in finding a solution to this painful affair."

The message surprised Middle Eastern specialists in Paris, who believe that Syria had otherwise been excluded totally from the negotiations. In some earlier cases hostages released in Beirut had travelled back to France via Damascus, but observers say that for almost two years now France has negotiated almost exclusively with Iran, rather than Syria.

The exclusion of Syria from the negotiations is also thought to have contributed to the dispute which prompted the French Government earlier this week to expel Mr Omrane Adham, a Syrian businessman who has been involved in some past negotiations over the hostages.

Mr Adham was accused of being the source of a lengthy article in the Beirut newspaper al Haqiqa, containing a string of often far-fetched accusations against the Government of Mr Chirac, ranging from the payment of FFr200m (£18.7m) to Mr Jean-Marie Le Pen in return for the support of his voters in the second round of the French presidential election, to the transfer of arms to Iran through two bogus oil companies.

Although Mr Adham's credibility, and particularly his closeness to President Assad, has often been put into question, some observers believe the al Haqiqa article, which sharply criticises Mr Chirac's behaviour in the hostage negotiations, may partially reflect Syrian irritation with France's decision to deal with Iran. It has also been suggested that Mr Adham was involved in separate hostage negotiations involving President Francois Mitterrand.

In an interview with the Associated Press in Geneva yesterday, Mr Adham said the French President had asked him to mediate in March 1986. He also claimed to have travelled to Damascus on March 9 of this year as part of an official French delegation including Mr Jean-Charles Marchiani, who was entrusted with hostage negotiations by Mr Charles Pasqua, the French Interior Minister.

No details emerged yesterday of the terms of France's agreement with Iran, but the same issues are presumed to have arisen as in past negotiations. In public, the kidnappers have principally asked for the release of 17 Shia Moslem activists from jail in Kuwait and a fair French stand on the Gulf war.

The main Iranian claims have been:

- The restoration of diplomatic relations, broken off last summer after a dispute over the status of an Iranian interpreter, Mr Wahid Gorji, wanted for questioning in connection with the bombings in Paris in 1986. A revival of French oil purchases on Iran would depend on the restoration of relations.
- The settlement of the disputed $1bn loan made by the ex-Shah of Iran to France's nuclear energy agency, blocked after the revolution when Iran stopped payments on a nuclear plant construction contract. Two repayments have already been made, coinciding almost exactly with the last two releases of hostages. Official negotiations on the rest of the loan, around $330m, are expected to take place soon.
- The reduction of French military aid to Iraq. Mr Chirac said yesterday that France had "remained absolutely faithful to its friendships and its engagements in the Middle East." Iraqi diplomats, however, are understood to be concerned about the deal.
- The release of convicted terrorist Anis Naccache, leader of the group which tried to assassinate the exiled former Iranian Prime Minister Shahpour Bakhtiar. The release of other terrorists held in French jails, such as Georges Ibrahim Abdullah, has also been claimed intermittently.

Suggestions that a cash ransom had been paid to the Lebanese kidnappers themselves were yesterday dismissed by French government officials.

However, observers in Beirut and elsewhere are convinced that a ransom to the kidnappers would also have been involved. Mr Adham said: "There were presents for everybody."

Well-informed Moslem observers in West Beirut said on Tuesday that Mr Marchiani had negotiated a deal with the hostage-takers several weeks ago for the release of the three Frenchmen in exchange for the payment of FFr150m to Iran, together with the supply of weapons and spare parts to Iran via a third unnamed party. However, on the eve of the first round of the French presidential election last month, the kidnappers had reneged and demanded an additional FFr10m to be paid to the Hizbollah (Party of God) organisation in Beirut.

Despite the official denials in the French capital, Shia security officials in Beirut confirmed yesterday that the extra FFr10m had come through to the captors at the last minute. It seems clear that the kidnappers chose the timing of the release to ensure maximum impact in favour of the candidate who they thought could best deliver on their demands after Sunday's French presidential election.

Prospects bleak for captives

WITH THE release of the three French hostages in Lebanon – apparently after a deal by the French Government – the prospects for the 20 or more other foreigners still in captivity look bleaker than ever.

A bewildering variety of groups has taken hostages, and an overwhelming majority of hostages still being held come from countries whose governments at least officially refuse to do deals with terrorists.

Westerners still missing are:

British/Irish – Alec Collett (kidnapped May 1985, presumed dead); John McCarthy (kidnapped April 1986); Brian Keenan (April 1986); Terry Waite (January 1987).

American – Terry Anderson (March 1985); Thomas Sutherland (June 1985); Farek Wareh (June 1986); Frank Reed, Joseph Ciccipio (September 1986); Edward Tracy (October 1986); Alan Steen, John Turner, Robert Polehill, Mithileshwar Singh (January 1987); Col William Higgins (February 1987).

West German – Rudolf Cordes (January 1987).

Italian – Alberto Molinari (September 1985)

An unquantifiable number of Lebanese and other Arab nationals has also disappeared in Lebanon in recent years.

Death toll raises doubts about New Caledonia assault

BY GEORGE GRAHAM

Mr Chirac (left) is brought news of the release by one of his ministers, Mr Philippe Seguin

FRENCH SPECIAL troops yesterday freed the 23 hostages held by Melanesian independence fighters in the French Pacific territory of New Caledonia. While most French politicians welcomed the news, questions were raised in many quarters about an operation which cost 17 lives.

The dawn assault left 15 Melanesian rebels and two French soldiers dead after the battle on the island of Ouvéa, off the coast of the main island of New Caledonia.

Mr Bernard Pons, Minister for the French Overseas Territories, called the incident "an affair of honour which concerned the state, the honour of the French army and the honour of the gendarmerie," while Mr Jacques Chirac, the Prime Minister, sent "warm congratulations".

However, Mr Pierre Beregovoy, campaign manager for President François Mitterrand, Mr Chirac's opponent in Sunday's second round of the presidential election, said he would have preferred mediation, and blamed the policies of Mr Chirac's government for "dragging the territory into violence." Even Mr Raymond Barre, the defeated centrist candidate who is now backing Mr Chirac, expressed his sadness at the number of lives lost.

But Mr Jean-Marie Le Pen, leader of the extreme right-wing Front National, warmly welcomed the assault, contrasting it with the negotiations on the hostages in Lebanon, which he called a defeat for France. "There is only one way to deal with terrorists, and that is the way used in Ouvéa," he said.

The siege had lasted for two weeks, since a group of Melanesian activists had attacked a police post on Ouvéa on the eve of the first round of the French presidential elections. They killed four gendarmes and captured another 27. Although 12 gendarmes were later released, the rebels then took another eight hostages, including six members of France's crack GIGN squad, the equivalent of Britain's SAS.

The order for last night's assault was given just after news came of the release of the three French hostages held in Lebanon.

An eight-hour operation then began, involving members of the GIGN, as well as marines and members of the 11th Shock Paratroop Regiment, formed in 1985 from the remnants of the secret frogman unit used in the sinking of the Rainbow Warrior, flagship of the Greenpeace environmentalist movement, in New Zealand.

In New Caledonia, the situation yesterday was far from calm. Mr Pons said there were still around 10 armed bands in the territory, and demanded the dissolution of the pro-independence Front de Liberation National Kanak Socialiste (FLNKS).

The FLNKS warned that "the massacre of Ouvéa would reinforce the determination of the Kanak people," and called on its supporters to step up their activities in the face of "the new challenge of colonialism."

Rome struggles to satisfy all sides over Finsider

BY JOHN WYLES IN ROME

ITALY'S INDUSTRY Minister, Mr Adolfo Battaglia, yesterday sought to inject new urgency into the slow-moving attempt to build a broad consensus over restructuring the national steel industry, following the European Commission's threat of formal legal proceedings against the Italian Government for providing illegal subsidies.

The Commission has given Rome a month to provide full details of last year's financing of Finsider, the state-owned steel holding company, on the suspicion that the loss-making concern is being directly subsidised in breach of the Rome Treaty.

Brussels is also pressing hard for immediate details of Finsider's recovery plan, adopted more than two months ago but still awaiting government approval. For its part, the Government is waiting for a parliamentary opinion.

Mr Battaglia yesterday warned Parliament's Committee on Productive Activities that unless Italy could forward details of an agreed plan well before EC industry ministers meet on June 10, the remaining quotas on the production of some flat products could be lifted.

A return to free-market conditions is regarded in Italy as a potential disaster for Finsider.

The committee has been holding exhaustive hearings in Italy and with foreign steelmakers before coming to a final judgment on the Finsider plan.

Under strong trade union pressure, it has been reluctant to give a verdict before IRI, Finsider's parent company, and the Government have put together a "credible" plan for creating alternative industries in the areas which will be hit by the 25,000 job losses envisaged by Finsider.

IRI has already talked of creating a L1,200bn (£5.1bn) fund over three years for reindustrialisation, but the unions are pressing for something more concrete, and for clear decisions on plant closures. Their strongest focus is on the 3,500 jobs threatened at Bagnoli in Naples where local resistance to Finsider hints of possible closure is strongest.

The Commission's patience is clearly running out over Italy's failure to answer leading questions about Finsider's financing and restructuring. The company has been losing L5bn (£2m) a day since the beginning of 1986 and this has been financed by loans from publicly-owned banks and by borrowings abroad guaranteed by IRI.

For the moment, Italy is contesting the fact that these amount to direct government subsidies, a position which can only be sustained if IRI carries all Finsider losses on its balance sheet without recourse to the Government for fresh capital.

The Commission is also dubious about Finsider's request for L6,500bn to wipe out its existing debts so that its potentially profitable activities can be freed from the burden of repayments which equal about 17 per cent of its revenues.

Finsider's general meeting will be asked next Tuesday to endorse a voluntary liquidation plan out of which the group would be divided into two parts: one potentially profitable and the other beyond salvation and ready only for closure or sale.

Structural change urged on Portugal

BY PAUL BETTS IN PARIS

STRUCTURAL adjustments in the Portuguese economy have become increasingly urgent as a result of entry into the European Community, according to the Organisation for Economic Co-operation and Development.

To improve its international competitiveness, Portugal must work towards bringing down the inflation rate and keeping it at levels prevailing in other European countries, the OECD says in its annual report on the country's economy, published today.

Although inflation has fallen from above 25 per cent in 1983 and 1984 to 9.5 per cent last year, the rate is still about 5 percentage points higher than the Western European average.

Wage moderation must thus remain an essential component of economic policy, says the report, acknowledging that this may be more difficult to implement than in the past two years. After rising by 17 per cent in 1986, nominal wages rose 12 per cent last year. However, implementation of an incomes policy was made easier by a substantial growth in real wages and by the payment of pay arrears

The OECD also encourages Portugal to pursue its more market-oriented policies and adopt a stable longer-term stance rather than the "stop-go" approach of the past. The Portuguese authorities should not be inhibited from adopting a number of macro-economic policies for fear of their short-term impact on prices and costs.

The agency believes that tax reform is an urgent priority and that reducing the budget deficit is essential if domestic savings are to be put into more productive use. It also urges that investment funds be concentrated in areas where returns are the highest.

But the report also notes the significant improvement Portugal has achieved in economic performance since 1985, with stronger growth reducing unemployment, the reduction in inflation, and a current external surplus which has enabled some net repayment of external debt.

However, it warns that this improvement is in large measure the result of special factors and policies which cannot be repeated or sustained.

The report forecasts GDP growth of 4 per cent this year and 3.25 per cent next year, after 5 per cent last year. Stimulated by tax incentives and EC transfers, investment is expected to continue to increase at a rate of more than 9 per cent this year. Consumer price inflation is forecast to decline from 9.5 per cent last year to 6.5 per cent this year and 5.75 per cent in 1989.

The OECD figures also expect the trade deficit to increase from $3.2bn last year to $4.5bn this year and $5.3bn next year. After a surplus of $700m last year, the current account is expected to show a deficit of $100m this year, rising to $800m next year.

Portugal cut its key interest rates by up to one percentage point yesterday in an attempt to ease credit and stimulate investment, Reuter reports from Lisbon. The reduction, the second this year, takes effect today. The maximum interest rate on loans drops from 18 per cent to 17 per cent, while the minimum interest for deposits was cut to 13 per cent from 13.5 per cent. Interest rates were running at 25-30 per cent three years ago.

Pöhl draws line on EMS role

THE West German Bundesbank will not accept further obligations to intervene within the European Monetary System, Mr Karl Otto Pöhl, the bank's president, said yesterday, Reuter reports from Frankfurt.

Addressing a news conference as the D-Mark was fixed at an eight-week high against the French franc, he said that central banks participating in the EMS exchange rate mechanism were bound by treaty to intervene if their currencies reached their ceiling or floor against other currencies.

But last September's agreement to facilitate "intramarginal" intervention, when currencies' values are inside their limits, did not involve any new obligations, he said. "This so-called intramarginal intervention is not laid down by treaty . . . There is no obligation to intervene intramarginally," Mr Pöhl said.

France, in particular, has favoured increased intramarginal intervention to take pressure off currencies gently, rather than waiting for speculative pressures to build up, forcing currencies to their EMS limits.

But Mr Pöhl said the Bundesbank's existing EMS obligations, plus its understandings with the US, already involved the bank in a considerable commitment. These could cause problems for the management of monetary policy, if the bank had to sell large amounts of D-Marks in the open market.

Meanwhile, Mr Franz Scholl, head of the Bundesbank's currency operations, warned the financial markets not to speculate on a further fall in the dollar, which, he said, was now at an appropriate nominal level.

He told a foreign exchange forum: "I would warn against seeking a solution of common [economic] problems through foreign exchange rate changes alone. Such a policy would be highly counterproductive."

He also played down fears in the money market that the Bundesbank may take advantage of a stable dollar and rising US interest rates to nudge up short-term rates in West Germany.

"I can only affirm that this impression is false," Mr Scholl said, noting that the Bundesbank offered the money market 28-day funds at a fixed 3.25 per cent again this week.

Brussels keeps sharp eye on how aid funds spent

BY DAVID BUCHAN IN BRUSSELS

THE EUROPEAN Commission is to try harder to ensure that its newly-increased regional, social and industrial aid programmes do not go to finance public procurement which is less open than EC directives require.

The move is part of the Commission's push to open public markets to competition, and follows the decision by EC heads of government virtually to double the size of so-called "structural funds" from Ecu7.4bn (£4.9bn) this year to Ecu13bn (£8.6bn) in 1992.

EC governments have agreed that public works contracts worth more than Ecu1m, and (from the start of next year) public supply contracts worth more than Ecu200,000, should be openly advertised. But such directives have been widely ignored in the past, and the Commission is now trying to make sure that at least where its own increased funds are concerned, public authorities play by the rules.

At present, the Commission only monitors the contractual behaviour of public authorities receiving money from the Regional Fund and from the European Investment Bank.

From next January, this surveillance is to be extended to projects which benefit from the Social Fund, the Agriculture Guidance Fund, Euratom and the Coal and Steel Authority.

Some of the monitoring will be shifted on to national governments, which will be required to vouch for the veracity of the data their local authorities give Brussels.

The Commission also decided this week that it would give preference to any public procurement in energy, telecommunications, water and transport that was opened to Community-wide competitive bidding.

Commission supports junior branch of European Court to ease case burden

BY WILLIAM DAWKINS IN BRUSSELS

PLANS TO open a junior branch of the European Court of Justice to ease its growing workload have won the broad support of the European Commission, though the latter is anxious to keep a tighter rein on its powers than the court would like.

The scheme was put forward by the Luxembourg court last September as a way of easing its 18-month logjam of cases, caused largely by a growing number of appeals against EC anti-dumping duties and competition decisions.

But the Commission said yesterday that the junior court should not tackle anti-dumping cases, as proposed by Luxembourg, because this could increase the likelihood of companies appealing and so worsen the case load.

Officials added that case law was poorly established in this relatively new area of legal dispute, making it too sensitive to pass on to the junior court. Almost every Commission decision to impose anti-dumping duties results in a long legal fight with the often Far Eastern company concerned.

By the end of last year, 527 cases were pending in the European Court, the highest legal authority in the EC. The number of cases brought before it has mushroomed from 135 in 1975 to 395 last year, with the time taken to get a judgment rising from six months to 18 over the same period. Lawyers believe the demands on the already overworked court are bound to become even heavier in the run-up to 1992, especially if EC member states accept Commission plans for a cross-frontier merger control regulation.

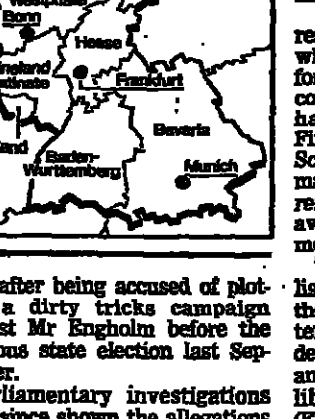
Luxembourg would like the new tribunal, to be called the Court of First Instance, to be run by seven judges, split into two tribunals, and to tackle competition cases, and EC institutions' staff disputes as well as anti-dumping. The main court has 13 judges, often sitting together at the same case. The general theme is that the junior court should pass judgment on complex factual disputes and that appeals to the full court should only be possible on a point of law. It would take on around 150 cases annually, more than a third of the full chamber's workload.

The Commission would rather have 12 judges, one for each member state, a view not surprisingly supported by most EC governments except for France, which has not yet made up its mind on the plan and may ask for advocates general to back up the new court's judges. Most member states would also like to see anti-dumping cases in the junior court.

The plan should receive its first debate at ministerial level and in the European Parliament in June, following which the new tribunal could be given the go-ahead by the end of the year.

Schleswig-Holstein branches out towards the east

David Marsh, from the isle of Fehmarn in West Germany, reports on an election whose outcome could spell problems for the coalition of Chancellor Kohl



MR BJOERN ENGHOLM, the 48-year-old leader of the opposition Social Democratic Party (SPD) in the northernmost state of Schleswig-Holstein is tanned, articulate and stylishly suited. He sucks perpetually one of five pipes which he carries around with him in a black zip-up bag. And, after the elections in the state on Sunday, he looks set to become Schleswig-Holstein's next prime minister. According to the opinion polls, Mr Engholm will carry off at least 45 per cent of the votes.

He could be within reach of an absolute majority of seats in the state parliament. Victory would give a badly-needed shot in the arm to the SPD, and end 38 years of control of the state by the Christian Democrats (CDU). It would also spell more problems for the trouble-torn CDU-led coalition in Bonn of Chancellor Helmut Kohl. Speaking before an enthusiastic post-lunch gathering at a hotel in Burg, a holiday town in the centre of Fehmarn island from which ferries ply to Denmark, Mr Engholm carefully avoids grandiose commitments.

Reflecting the general problems brought by the state's low level of investment in industry, the 12,000-population island enjoys a regular summer tourist boom and then sees unemployment shoot up to 27 per cent during the winter months. Mr Engholm tells his audience that times are set to get worse, with the Bonn government's 1990 income tax cuts eating deeply into the state's ability to fund much-needed infrastructure projects.

He sketches out new policies based on strengthening Schleswig-Holstein's small business community, improving economic links with Scandinavia, East Germany and eastern Europe, and, inevitably, shoring up incomes for the state's 29,000 family farms.

Mr Engholm, who left school early and became a printworks compositor before going to university on a trade union grant, sprinkles his speeches with a mixture of Latin and down-to-earth slang. He uses the latter to reply to a heckler shouting out from the bar that West Germany should invest more and not leave the running to the Danes, who are threatening to undermine shipping jobs by starting a new ferry service to the island.

Afterwards, speeding through the Schleswig-Holstein countryside in his BMW, Mr Engholm confides that, in view of the problems confronting the state, he will need more than the traditional 100 days of grace before being able to put his programme into action. The election in the northern land of lakes, grasslands and feudal manors has an air of slight unreality.

It forms the final act in a melodrama which reached its tragic high-point with the suicide last October of the previous Christian Democrat Prime Minister, Mr Uwe Barschel. Mr Barschel was found dead in a Geneva hotel bath after being accused of plotting a dirty tricks campaign against Mr Engholm before the previous state election last September.

Parliamentary investigations have since shown the allegations were true. The episode sent shock waves, first of disbelief, then of shame, through the Federal Republic. It has ensured that Schleswig-Holstein electioneering this time round has been scrupulously fair. Underlining the gargantuan appetite of West Germans for Byzantine political intrigue, nine books have been published on the Barschel affair. The CDU has put up one of the mildest possible candidates in the apologetic form of Mr Heiko Hoffmann, the state's present Justice Minister. He looks like cannon fodder for an all-conquering Mr Engholm.

The SPD candidate says he respects Mr Hoffmann as a man who wants to make a new start for the Christian Democrats. He concentrates his fire on Mr Gerhard Stoltenberg, the Bonn Finance Minister and long-time Schleswig-Holstein CDU chairman, who, Mr Engholm says, was remiss in not apologising straight away for Mr Barschel's misdemeanours last autumn.

The SPD was already established as the strongest party in the state parliament in last September's poll, although it was denied an outright win by an alliance between the CDU and the liberal Free Democratic Party (FDP). Mr Engholm's ability to build on his already high popularity and capture additional sympathy votes has done the rest. Some of Mr Kohl's closest advisers were saying in private months ago that the CDU's chances in Schleswig-Holstein were buried along with Mr Barschel.

Mr Engholm says that the Barschel smear campaign against him last year, including attempts to launch innuendos about his sex life and tax-payments, showed that the CDU realised its long hold over the state was nearing an end. In a sense, this amounted to a back-handed compliment for his party – "The [Barschel] action was because the SPD was too good." The SPD leader declares that his commitment to trying to close down on safety grounds at least the oldest of the state's three nuclear power stations in no way detracts from his efforts to attract modern industries to the north.

"Nuclear energy is not future-oriented," he says.

Continuing the efforts of Mr Barschel, he is bidding to bring to Schleswig-Holstein a new EC-backed electronic chip project, involving Siemens and Philips. This would create several hundred jobs and add greatly to the area's technological potential.

Could Prime Minister Bjoern Engholm be a possible SPD candidate for the chancellorship in the 1990 general elections? Mr Engholm brushes aside the question, saying that he has no intention of returning to Bonn, where he had a junior post as Education Minister

There are other things in life. His prime wish is to play the piano well. In addition, he has a penchant for collecting art and would also fancy the job of responsibility for cultural activities in the Berlin senate – "a real city," he sighs. Mr Engholm says he has promised himself (and his artist wife) to retire from active politics in his late 50s. Assuming he does indeed win on Sunday, that gives Schleswig-Holstein a maximum of 10 years to try out the Engholm formula.

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Israelis tighten economic sanctions in West Bank

BY ANDREW WHITLEY IN JERUSALEM

THE ISRAELI military authorities yesterday ordered all shops, petrol stations and markets in the occupied West Bank to close for three days, to Saturday night.

The unprecedented step is intended to punish Palestinians for a widely observed general strike on Wednesday, security officials said. In particular, it will prevent shoppers from preparing for the traditional feast of Id al-Fitr, marking the end of the fasting month of Ramadan, this weekend.

Frustrated with their failure to break the repeated commercial strikes disrupting life in the West Bank, Gaza Strip and East Jerusalem, the authorities are resorting increasingly to economic and administrative sanctions. Water and electricity supplies, for example, were cut off from a village near Bethlehem after villagers failed to pay their bills. In the Gaza Strip, the military-run Civil Administration has been compelling residents to replace their old identity cards with new documents issued only after clearance from a series of government departments, including the tax office and the Shin Bet, the security service.

As the five-month-old conflict sputters along wearily, the casualties have by no means come to an end. Over the past three days alone, as attention focused on the Israeli troops locked in battle in Lebanon, five more Palestinians were killed by soldiers in the occupied territories.

Yesterday, in a provocative display sanctioned by the army, about 1,000 Jewish settlers marched past the semi-destroyed West Bank village of Beita where a teenage Jewish girl was killed amonth ago. The march was said to be to commemorate the traditional 30th day of mourning, but it also carried wider political significance. The girl was killed by a bullet from the gun of her own adult escort, a militantly anti-Arab settler still critically ill in hospital after the incident.

However, Israeli police are currently preparing charges against a Palestinian woman resident of Beita on the grounds that a stone she allegedly threw was indirectly responsible for the girl's death.

South Korea's Catholics fight the good fight for democracy

BY MAGGIE FORD IN SEOUL

KOREAN Roman Catholics have always faced a major problem when trying to worship in Seoul cathedral – the strong likelihood that they would be tear-gassed on the way into church or on the way out.

But that has not stopped the religion from gathering strength in South Korea to about 2.5m believers. Added to the Protestant churches the number of Christians in the country has now reached around 10m, almost as many as the Buddhists, the other main religion.

For years Catholic and Protestant ministers, priests and nuns have led protests against authoritarian rule, helped workers and poor people who have suffered discrimination and frequently gone to jail themselves for their support for democracy.

But until this week the Catholic church had officially restricted its comments on politics to calls for moderation by the Government. Now, with the decision by Cardinal Kim Su Hwan to criticise the Government's human rights policy, the church may start to play a more public role in the pursuit of democracy in South Korea.

Cardinal Kim's speech on Wednesday, at the presentation of the Robert Kennedy human rights award to a tortured labour leader who remains in jail, pointedly asked the Government of Mr Roh Tae Woo how long it would be before political prisoners, who number at least 500, would be released. He questioned whether political torture had truly ended.

His speech was expected to be broadcast in the US, along with comments by Ms Patt Derian, Assistant Secretary of State for Human Rights under President Carter's Administration.

Ms Derian said that there was much talk in the US about a political opening in South Korea, but questioned the reality of the change. Not only had the Government not allowed the jailed dissident, Mr Kim Keun Tae to receive his award, but Seoul had also refused to allow his wife to travel to Washington for the award ceremony last year.

In a moving speech, Ms In Jae Gun, the dissident's wife and herself now an activist, recalled that her husband had been tortured in the same police building where a student had died last year of suffocation while being questioned. The student's death contributed strongly to public anger against the Government which led to street riots last year.

She said that many people still doubted the commitment of the US to democracy in South Korea, especially after the Presidential election last year won by Mr Roh. Church groups have produced a number of detailed reports alleging election fraud.

Mr Kim and his wife were nominated for the award by Mr Kim Dae Jung, the new chief opposition leader, a Catholic who has long suffered for his own support of human rights. In a strong speech delivered at the US presentation of the award, Senator Edward Kennedy praised Mr Kim, his political colleague Mr Kim Young Sam and the Cardinal as founding fathers of Korean liberty.

The high profile ceremony at Seoul cathedral signals the possibility that both Catholic and Protestant churches will try to play a stronger role in South Korea from now on.

Although the more public posture of the churches is itself evidence of the more open atmosphere in South Korea, there is no doubt that little has changed in the areas where most pastoral work is being done – among the homeless, workers in small sweatshop businesses and the rural poor.

Seoul's cathedral is therefore likely to remain a sanctuary for those escaping the authorities and a focus for riot police wishing to make a point for some time to come.

Afghans wait for return of Islamic rule

Christina Lamb reports on the outlook as the Russians withdraw

INSIDE Afghanistan the appearance of Russian soldiers no longer means an automatic dive for cover. Instead, those Afghans with anything left hide away their valuables.

For the Russians are retreating, filling their bags as they go with as many Afghan rugs, electrical goods and items of lapis lazuli jewellery as they can carry. They leave behind them a mass of devastation, as though a giant has trampled across the land.

The Afghans living among the ruins have little faith in the ability of the resistance leaders to put Afghanistan back together again.

"While they've been sitting squabbling in their fine houses in Peshawar, we've been suffering," complained one. While the West debates how, when or even whether the estimated 5m refugees will go back and what kind of government they would like to see, the 10m Afghans who have lived out the war inside the country have little doubt.

"For anyone to become the undisputed leader, he must have earned his laurels on the battleground." This villager is one of many people who believe that the future of Afghanistan lies with the commanders - people like Massoud, the famed Lion of Panjshir - who control vast areas, particularly in the north.

Most of the commanders are college-educated, unusual in a land with 85 per cent illiteracy, and often ex-army men who learnt their skills from the very Russians they have since been fighting. While the party leaders quarrel among themselves in Peshawar, these men have been trying to create some semblance of civil administration in *mujaheddin* controlled areas, setting up schools and in one case even a local postal system.

Consequently, inside Afghanistan they have developed large followings, while outside the commanders are regarded as folk-heroes. They are well aware of their power. One of the top commanders, Akmal Muhammad, who controls the large eastern province of Paktika, explained: "We're more important because we face the bullets. We have the arms and the support of the people and we control the land - the leaders can tell us nothing."

This is starting to worry ambitious characters like Gulbuddin Hekmatyar, present chairman of the fragile seven-guerrilla-party alliance, who knows he can retain the commanders' loyalty only for as long as he can provide the next Stinger.

Until now there has been no outright conflict between the commanders and party leaders. When I spoke to Akmal he had just returned from an expedition to seek a suitable location near the border for the resistance parties to set up an interim government, and was obviously frustrated by the failure of the alliance to reach agreement.

Akmal and the other commanders were quite clear what they were fighting for: "The most important criterion for a future government is that it should be Islamic. Whoever can enforce this would be acceptable to us, even if it were the king."

Any new government will face the daunting task of repatriating millions of refugees and supporting thousands of those widowed, orphaned or disabled in the war. There is also certain to be conflict between those who fought for the cause and the more affluent, highly-educated Afghans who spent the years since 1979 in exile in America or Britain.

Meanwhile a whole generation of Aghans has grown up knowing nothing but fighting, their only education being the gun. Akmal predicts: "There's going to be a bloody struggle. It's like when you're running, you can keep on, but as soon as you stop, you realise what you've been through. Then you want your reward."

Glimmer of hope for hard-pressed Syrians

Tony Walker reports that Damascus is pinning its hopes on the development of new oil wells for the revival of its sagging economy

SYRIAN President Hafez al Assad in February urged Al Furat Petroleum company, part-owned by the Syrian Government with foreign partners, to speed up the development of new wells in the east of the country.

Mr Assad, according to industry representatives in Damascus, set an almost impossible timetable for Al Furat to bring onstream some of its newly-discovered wells more than six months ahead of schedule.

The Syrian leader's personal intervention is revealing of the Government's high expectations for the oil sector as a source of desperately-needed hard currency at a time when Syria is virtually bankrupt.

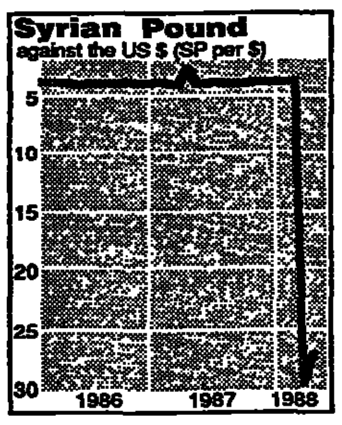
An International Monetary Fund study, published in February, found that Syria's foreign exchange reserves at the end of 1986 (the latest figures available) stood at between $10m and $62m, barely enough to cover one week's imports.

Gloomy picture

The IMF painted a generally gloomy picture of an economy beset by shortages, burdened by a sluggish industrial sector and trying to cope with mounting arrears on debt payments. External arrears of the Syrian Commercial Bank were $600m by the end of 1986, according to the IMF. Arrears are thought to have reached about $800m.

External medium- and long-term civilian debt stood at a relatively modest $2.5bn at the end of 1986. Short-term external liabilities of the banking system were equivalent to $4bn, the IMF reported.

No completely reliable data are available on Syria's military debt to the Soviet Union – it is thought that about $15bn is owed. The Syrians have been under pressure from the Soviets to settle some of this debt in bartered goods such as foodstuffs and cotton, which squeezes supplies available for export to earn hard currency.



Syrians themselves, who privately make no secret of their dismay at the dreadful state of the economy - inflation is running at more than 100 per cent, basic items such as lavatory paper are scarce and the value of the Syrian pound has plunged - are hoping that good rains this year and the prospects of increased oil revenues will relieve some of the financial pressures.

One immediate benefit of the deluge – parts of Syria recorded twice the annual average rainfall in the first three months of the year – is that almost daily power cuts have stopped for the time being.

Middle-class Syrians such as doctors, teachers and government workers report growing grumbles over economic hardships and more direct criticism of Mr Assad, who hitherto has escaped most of the blame for the parlous state of the economy.

The rigidities of the Syrian system, conditioned by two decades of Baath Socialist party rule, are such that the efforts of reformers in the Government such as Dr Mohammed al Imadi, the Economy Minister, are often frustrated.

Limited attempts at liberalisation, such as a relaxation of restrictions on allocations of foreign exchange to private business for imports of raw materials, have had little effect on a near-moribund industrial sector constrained by a web of rules and regulations.

The rapid depreciation in the value of the Syrian pound reveals the weakness of the economy and is a major cause of inflation, because Syria imports about half its food. The official rate (at which hotel bills are paid by foreigners) is S£11.25 to the dollar. On the black market the dollar has been bringing between S£50 and S£60. This marks a depreciation of about 100 per cent in the past year.

Among the many complaints of Syrians is the expense of occupying parts of Lebanon, including maintaining a garrison of about 7,000 troops in West Beirut. This is estimated to be costing $1m a day. Syrians, who see Lebanon as a land of plenty and source of expensive smuggled goods, ask why.

"People in Lebanon have everything in spite of the war," said a Syrian businessman ruefully. "In Syria there is no war, but we have nothing."

It is against this troubled financial background that Syria has been redoubling its efforts to capitalise on promising oil finds in the Deir al-Zor region in the eastern sector, not far from the Iraqi border.

Al-Furat Petroleum Company, a joint venture of the Syrian Petroleum Company and a foreign consortium led by Royal Dutch/Shell with Pecten, its US subsidiary, and Deminex of West Germany, is producing about 100,000 b/d of superior light crude from its Thayyem field and other smaller fields in the Deir al-Zor concession.

It expects by the middle to end of next year to be producing an additional 100,000 b/d from its Omar field to the south of Thayyem, also in Deir al-Zor. This would markedly improve Syria's export earnings but would not produce the bonanza that some Syrian officials may be expecting.

The most optimistic assessments suggest Syria will be earning between $500m and $800m from oil sales by the end of 1989. However, this depends on oil prices remaining firm at around $18 per barrel and on the Syrians continuing to receive about 1m tonnes annually of "free" oil from Iran. Syria is currently running a small surplus of about $150m on its oil trading account.

Oil interest

Shell's discovery of marketable light crude – as opposed to Syria's existing production of heavy sulphurous oil from its far north-east region – rekindled foreign interest in exploration in Syria. Dr Metanius Habib, Syria's Oil Minister, has tried to capitalise on this by urging foreign oil companies, especially those of the industrialised world, to commit resources to exploration and development in Syria.

All this activity and the expectation - perhaps exaggerated - of better times ahead for Syria's hard-pressed economy, has encouraged faint glimmers of optimism in Damascus that the slide in the country's fortunes, which had accelerated in the past three years, may be about to stop.

Wan Li: born 1916. Studied in France as a young man as did other communist leaders, *including Deng* Xiaoping. As Chairman of the National People's Congress Standing Committee he can help speed the reform legislation that *previously was delayed by* conservatives like his predecessor Peng Zhen.

A close ally of Deng's, he too was sacked in 1976 when *Deng was dismissed* by the Gang of Four after the riot in Tiananmen Square. Reinstated later, he rose to Politburo member, vice-premier and even acting premier.

Yao Yilin: born 1917. Senior *vice-premier and member of* the Politburo Standing Committee. Studied at Qinghua University in Peking and worked in the party's underground movement in Tianjin in the 1930s.

Background of conventional socialist central planning and, after the Cultural *Revolution, moved steadily* up from Central Committee alternate member in 1973 to Politburo Standing Committee in 1987.

*In charge of the State Plan*ning Commission, he is well placed to press traditional views on reformist leaders.

Li Peng: born 1928. Son of a *"revolutionary martyr"* killed in the 1930s, and raised under the aegis of party leader Zhou Enlai.

As premier and in charge of the *Economic Restructur*ing Commission he will have an opportunity to put brakes on the reform process. Reputed to be a keen central planner at heart.

Trained in Moscow at the Power Institute in the 1950s, he worked his way up the power industry in China. *Last year joined party's rul*ing Politburo Standing Committee; is now second only in importance to Zhao.

Zhao Ziyang: born 1919. Joined party at 19. Rose up bureaucracy until pilloried in the Cultural Revolution in 1967. Vanished until 1971, reappearing first in Guangdong then in Sichuan where name as reformer was made.

Became premier in 1980 and steered China through early economic reform.

Should have power base in China's ruling establishment through experience as premier, party general secretary and now military boss. Unless something goes badly wrong, now looks set to inherit mantle of supreme leader Deng Xiaoping.

Colina Macdougall evaluates shifts in the balance between Peking's conservatives and reformers

Key appointments underpin Deng's vision of reform

CHINA'S National People's Congress *last month approved a new* and predominantly reformist state leadership to take the country through the next five years of experiment and change. It will be a high-risk period for China's attempt to modernise through change and reform: "Each time we see party general secretary Zhao Ziyang on television, his hair has gone whiter," said one Chinese.

Although it is still the case that the Communist Party calls the shots, the Congress marks a new stage in the distancing of party affairs from the business of government. There are encouraging signs that the reformers have been able to adapt China's unwieldy decision-making process *to make it more flexible.*

The most hopeful sign for *reform is that most top jobs* went to the friends and allies of Peking's Grand Old Man, Deng Xiaoping. The key exception was the Premier's post, which was given, as expected, to dark horse Li Peng, best described as a prudent reformer, if not actually a conservative.

There were few surprises in the new leadership lists. *Shanghai* boss, Jiang Zemin, in London in March, was asked why he was not attending the congress. "Too busy," the burly Politburo member *chuckled in reply.* "Anyway, I know what's going to happen."

Party and state jobs were shared out as long ago as last summer in a seaside party meeting *at the resort of Beidaihe.* Deng and his allies, including former Premier and keen reformer Zhao Ziyang who took over the top party post last year, will have played a vital part in picking the new faces.

At the party congress last *autumn, Deng Xiaoping, still* China's eminence grise but increasingly handing over the work to his protégé Zhao Ziyang, cleared out most of the diehard conservatives who had been blocking reform.

In the trade-off last summer, *Deng managed to induce elderly* hardliners like Peng Zhen, a key actor in last year's anti-bourgeois liberal campaign against western influence which temporarily put the reform on hold, to retire from active posts.

In the new Government line-up, all seem committed to a measure of reform. But it is a *safe bet that some are prudent* reformers, like Li Peng, rather than radicals in the mould of Zhao Ziyang.

Deng's policy also triumphed *in the military reshuffles.* Two old soldiers, friends of his, took the top ceremonial jobs, state president and vice-president. Another old friend, Qin Jiwei, was appointed Minister of Defence. Younger army men were mollified with promises that at last this year a system of ranks (and appropriate pay scales) would be restored.

To strengthen the long-term prospects of the reformers, Zhao was given a military role. Appointed the senior vice-chair*man of the State Military Com*mission, he now looks set to succeed Deng as its Chairman, one of the most important jobs in China. If he is to inherit Deng's *mantle as the mainspring of* reform, he needs the respect and loyalty of the army.

Zhao was already (since last October) the vice-chairman of the party's Military Commission. Since the army must have acquiesced in both appointments, he, unlike other possible candidates for the posts in recent years (dismissed party leader Hu Yaobang was one), must already be acceptable to a broad range of military interests.

The reform was strikingly evident in the new openness at the *Congress. Of course to some* extent it was stage-managed. But voters had a choice of candidates in electing delegates, and at the Congress these delegates could reject those standing for office.

Even top leaders drew some "no" votes and abstentions – the new 81-year *old President* Yang *Shangkun* among them. Deng himself was ticked off by a delegate for smoking. There was even a modicum of unscripted debate.

Tendentious policies were discussed, and the discussions reported in the press. Army delegates complained that government officials knew too little about defence. The inland provinces groused about the benefits allowed to the already richer coasts.

Legislation promoting reform was passed. The constitution was amended to allow the transfer (in effect, the sale) of land and the establishment of private business. The enterprise law, which gives managers freedom to operate without party interference, was finally passed after years of *discussion.*

On top of that, some streamlining of the bureaucracy was approved. Tropical Hainan island was set up as a province, part of the controversial reform policy to open up the coast. A new law on contractual joint ventures with foreign companies was passed.

Yet not all the omens were good for reform. *Li Peng*, the new Premier, is not seen as a committed reformist, whatever he may have said at the Congress (it is unlikely that his official report voiced personal opinions).

Yao Yilin, the senior vice-premier, is a cautious elderly man of long experience in China's earlier centrally planned economy. Perhaps more than *Li*, Yao knows how to manipulate the bureaucracy.

While many previous ministers were reappointed, the true sympathies of *the new 45-strong State* Council are still an unknown quantity. None of the members is likely to be conservative in the *old* sense, but imaginative economic thinking may not be their strong point.

Eighteen, plus Premier Li, are professional engineers. Another four are scientists. The rest are mainly career bureaucrats.

Some, like Li Peng himself, were educated in the Soviet Union or Eastern Europe, though the Chinese dismiss this as irrele*vant because* in the 1950s they had no other options abroad for advanced education.

What this means for the reform remains to be seen. More important, perhaps, in keeping the loyalty of the bureaucracy are the ties that bind some of them to older party leaders.

Despite the reshuffles, the Congress came up with few solutions for China's problems. In fact, the bolder reform policies were modified. Instead of freeing the economy further from state shackles, *more subsidies to the urban pop*ulation were approved. The merging of the administration of China's inefficient rail, air, road and water transport into one ministry was abandoned because of opposition.

The new leadership, already split on how far and fast to take the reform, faces its worst problems for years. Of these the most perilous is inflation. Prices, already rising fast in the past couple of years, rocketed in the first quarter of 1988. In that period Shanghai reported increases of over 19 per cent in food prices generally and 89 per cent for vegetables. In some cities inflation was even worse.

Discontent is simmering at a risky *level. Some Chinese say* workers are already going slow in protest. Full-blown strikes are not inconceivable. Peking leaders have watched Poland over the years and shiver at the thought of the same disruptions.

Agricultural output has fallen, with land lost to building and costs of fertiliser and pesticides rocketing. *Education, so impor*tant for the future, is suffering badly with little new investment, rising costs and impoverished teachers and students.

Corruption, already a serious problem because of suppressed consumer demand in China and disillusion with Marxist ideology, has been given a new boost by the reform. The introduction of a semi-free market has meant that people can get what they want if they bribe, borrow or *steal* for it.

Yet the key to making the economy more *efficient is to do* more of what the reformers have done so far. The problem is that only some elements of a market system have been installed, and *most prices remain* fixed *at an* artificially low level.

Peking is stuck in a vicious circle, unwilling to free prices for fear of more inflation. Without that freedom, the leadership is unable to spur the productivity which would help satisfy the craving for consumer goods.

China's old policies of central planning and strict socialism have been seen to fail, but whether the reformers will be able to deliver the goods in the teeth of all these problems and a less than united leadership remains to be seen.

YOUTH IN THE ASCENDENT

Li Guixian: born 1938. The real *mystery man in the new state* leadership. From first party secretary in Anhui province and Central Committee member has jumped to state councillor and governor of the People's Bank, China's central bank, an important and diffi*cult job in inflationary* times.

Born to a peasant family, reportedly dazzled his examiners in 1959 with brilliance in the entrance exam to China's *top University of Science* and Technology. Studied at Moscow's Mendeleyev Chemical Technology Institute

Li Tieying: born 1936. One of China's nine *State* Councillors. Son of Deng's first wife and allegedly handsome (but now deceased) communist leader *Li* Weihan.

Spent several years at Prague's Charles University studying solid-state physics, returning to China to work in a series of research institutes

Rise since 1981 has been meteoric. Has now *swapped* Commission posts with Li Peng, taking on the Education Commission instead of the ERC.

THE PARTY

Zhao Ziyang, General Secretary

THE MILITARY

Deng Xiaoping Chairman Party Military Commission	Zhao Ziyang Vice - Chairman

THE STATE

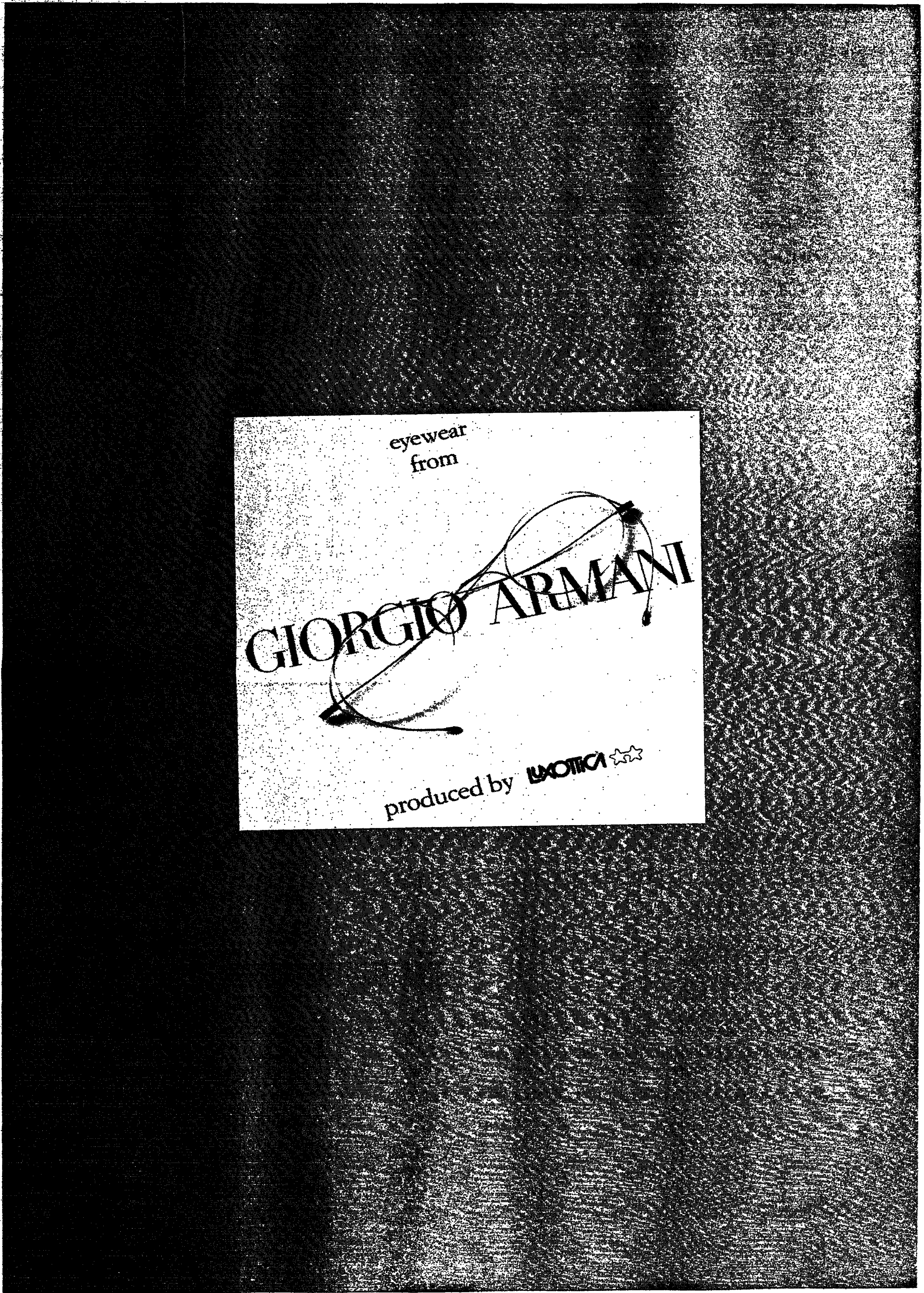
Yang Shangkun President	Li Peng Premier	Wan Li Chairman National People's Congress Standing Committee

VICE PREMIERS

Yao Yilin *Minister,* State Planning Commission	Tian Jiyun	Wu Xueqian

STATE COUNCILLORS

Li Tieying Minister, State Education Commission	Qin Jiwei Minister of Defence	Wang Bingqian Minister of Finance
Song Jian Minister, State Science + Technology Commission	Wang Fang Minister of Public Security	Zou Jiahua *Minister of* Machine Building + Electronics
Li Guixian Governor of People's Bank	Chen Xitong Mayor of Peking	Chen Junsheng Secretary - general, State Council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Brazil to act on economic crisis

BY IVO DAWNAY IN RIO DE JANEIRO

BRAZIL'S government is planning emergency economic measures and is seeking backing from powerful state governors for *its attempts to rescue the economy* from crisis.

The appeal follows a 48-hour strike by public employees which attracted widespread support, thereby further restricting President Jose Sarney's political room for manoeuvre.

In a bid to create a consensus on economic strategy, the president is now arguing for a rapid acceleration of policies aimed at deregulating the economy, sharply cutting back spending programmes and opening Brazil to competition from foreign imports.

Details of the strategy were revealed in a confidential document prepared in Brasilia and published yesterday by the respected Jornal do Brasil newspaper. The document, which paints the bleakest portrait yet of *the economy, is being presented* to governors by Mr Henrique Santillo, a governor of Goias state.

For the first time in recent months, the document attributes most of the country's problems to the debt burden, rather than public sector wage costs.

It also admits that recession is hitting real earnings and employment, while inflation continues to rise and the government is absorbing crucial investment resources simply to service its debts. This, in turn, is forcing up interest rates as federal revenues fall and a balance of payments crisis grows ever more imminent.

Justifying new spending cutbacks, the document argues that agreement with foreign creditors is essential – not least to secure an anticipated $4bn in Japanese *loans for imported goods* "indispensable to the modernisation of the economy."

The paper warns that state and municipal deficits are now on course to amount to 0.9 per cent of gross domestic product, and must be reduced to 0.5 per cent of GDP.

But in a key passage, it identifies "the redefinition of the role of the state as, perhaps, the greatest challenge we must confront up until the end of the century."

The Government's sober assessment comes as state companies were yesterday considering mass dismissals following this week's strike against a two-month freeze in wages for public *sector workers*.

The stronger-than-expected reaction to the freeze has further constrained Mr Sarney's options. However, yesterday labour courts appeared to be undermining the freeze by authorising substantial pay rises to workers on the state-owned merchant shipping line, Lloyd Brasileiro, and the national savings bank.

Ex-World Bank chief offers debt solution

By Stephen Fidler, Euromarkets Correspondent

A FORMER World Bank treasurer, Mr Eugene Rotberg, yesterday proposed a solution to the Third World debt crisis involving *a central role* for the World Bank, which he left last year after 19 years to join Merrill Lynch, the US securities firm.

Mr Rotberg said his framework was not designed as *the* solution but it could be built upon to allow the pain to be shared among the groups concerned. It also allowed a continued flow of new funds to debtor countries to bring about economic growth and political stability.

Outlining his idea to a conference in London organised by Euromoney magazine, he criticised most earlier proposals as politically unworkable. The plan is complicated but the main points are:

- Commercial banks lend new money to a country amounting to a substantial part of the interest *due to them, over 20 years*, provided there is a World Bank loan in place with economic conditions *attached*.
- The World Bank undertakes to take over the principal payments to the commercial banks after 20 years, thereby guaranteeing principal.
- After 20 years, the banks may decide to pass on their Brazilian loans, which will be transferred to an *affiliate* of the World Bank. This affiliate pays Treasury bill rates to the commercial bank for the next 20 years.
- The affiliate could be capitalised partly from the $75bn capital increase voted by World Bank governors last week. A lender of last resort facility *could* be provided by central banks in the event of widespread defaults to the affiliate.

Mr Rotberg's plan seems unlikely to escape political opposition from western governments. It also could be criticised for doing nothing to alleviate the huge "debt overhang" on debtor countries which hinders their *economic progress. In fact*, it could imply a large increase in their debt burden.

Furthermore, while it addresses the question of the ultimate repayment of principal, it arguably does not reduce the main worry for creditor banks – that of a halt in interest payments in the short term.

Bond scheme proposed to ease Latin American debt

BY JOSEPH MANN IN CARACAS

AN INTERNATIONAL Conference on Latin America and the world economy held in Caracas has proposed *the establishment* of a bond scheme and a new multilateral agency linked to the World Bank as a means to ease part of the region's foreign debt burden.

The conference, sponsored by Aspen Institute Italia and the Latin American Economic Systems (Sela), offered a new version of the Mexico bond plan whereby *commercial* banks would be able voluntarily to exchange part of their Latin *American debt for dollar-denominated* bonds issued by debtor governments.

The bonds would be negotiable *and would* mature in 30 years, with four to five years grace, carrying interest rates well below the current commercial rates.

They would be guaranteed by a new international agency to be set up by the World Bank and the International Monetary Fund and which would monitor long-term structural adjustments in the countries benefiting from the programme.

Supporters of the proposal admitted that many details needed to be worked out. However they expressed the hope that Japan would be an important contributor to the bond scheme in return for a wider share of control over the programme.

Debt to be refinanced under this plan would include about $200bn in hard-to-collect Latin American debt to international banks. *It would not cover trade* and private debt or obligations to international institutions.

The Aspen Institute brought together around 80 individuals this week representing multinational agencies, European and American governments, private companies and other groups.

Shuttle schedule survives rocket fuel disaster

By Nancy Dunne in Washington

A SERIES of explosions which destroyed a *Nevada rocket fuel* plant on Wednesday will not delay the launch of the space shuttle scheduled for *May* 25, Nasa said yesterday.

The blast at a plant owned by Pacific Engineering & Production of Nevada, a subcontractor which manufactures a fuel component used by the space shuttle and military rockets, destroyed an adjoining *marshmallow factory* in the Las Vegas suburb, sliced off roofs, up-ended cars and even *rocked a airliner in flight. More* than 250 people were injured and one was killed in the eight-mile-wide *disaster area*.

The explosion raises fresh concerns about the accident-prone US space programme and safety procedures employed by National Aeronautics and Space Administration contractors. Five months ago, an MX missile production building owned by Morton Thiokol burned down and five workers were killed. In the aftermath, Morton Thiokol – the company which built the booster rockers responsible for the shuttle *Challenger disaster* – was fined $31,700 for breaking health and safety rules.

At the Nevada plant, the company president, Mr Fred Gibson, said a piece of equipment had malfunctioned and caught fire.

The US has not had a manned flight since January 18, 1986, when the Challenger exploded killing the seven crew. Nasa's confidence was further eroded by more failed rocket launches.

UAW wins Chrysler jobs deal

BY RODERICK ORAM IN NEW YORK

CHRYSLER and the United Auto Workers have reached a tentative labour agreement which matches key provisions on job security won by the union from General Motors and Ford last year.

The new national contract, covering 60,000 workers, has symbolic value for the union. It made substantial concessions in 1979 to help Chrysler avoid bankruptcy. Now for the first time in nine years, the agreements with *Detroit's three big car makers are* virtually identical and all expire on the same day, September 14, *1990. This will increase slightly* the union's bargaining power.

If the agreement is ratified by members next week, *they will* receive a "signing bonus" linked to Chrysler's 1987 profits. Neither party will reveal the size of the bonus but reports from Detroit indicate it could be around $1,000.

Ford paid its workers average bonuses of $3,700. General Motors paid none because of dismal results from domestic operations.

Chrysler workers will receive two annual 3 per cent pay rises during the contract, plus profit-related bonuses. For the first time, some elements of executives' bonuses will be tied to the payouts to workers.

Provisions for pensioners will *push the company's total labour* costs to about $3 an hour per worker above GM's and about 50 cents *above Ford's by the time* the contract expires. Chrysler's ratio of active to retired workers is 1.1 to 1, compared with 1.8 to 1 at Ford and about 1.6 to 1 at GM.

Under the job security plan, Chrysler will spend up to $230m to keep on the payroll workers made idle by new technology or purchase of components from outside suppliers. Chrysler is to close one assembly and four component plants.

The union has agreed to co-operate with the company on simplifying job classifications and work rules. But it insists that these "modern operating agreements", *controversial among* workers, must be introduced only on a voluntary *plant-by-plant basis. So far only six of Chrysler's* 46 plants have accepted.

Crazy man runs for Ecuador presidency

BY SARITA KENDALL IN QUITO

AFTER three deaths last week during Ecuador's presidential election campaign, both candidates in Sunday's poll have promised to keep tempers down for today's final demonstrations.

Mutual accusations of violence have punctuated the electoral battle since the first round on January 31, when the right-wing government candidate was eliminated.

The winner, who takes power on August 10, will face big foreign debt problems – Ecuador's rescheduling process has been affected by the political uncertainty – and rising inflation.

The candidates, both lawyers, are both on the centre-left. But there the similarities end between Rodrigo Borja, who is ahead in most opinion polls, and Abdala Bucaram. In personality, campaign style and politics the highland social democrat and the tropical Guayaquil populist are far apart.

Campaign violence, and the fact that neither candidate is liked by the right-wing business community associated with the present government, have kindled talk of a coup. However the *Government and the military* say the election results will be respected.

Mr Borja, 52, represents the leading political party, the Democratic Left. But its strength lies in the highlands, and Mr Bucaram, with his Roldosista party, controls the huge coastal shanty towns. Elected mayor of Guayaquil in 1984, Mr Bucaram failed to finish *his* term after anti-military declarations and administrative irregularities forced him into exile. However, the Government allowed him to return to run for president, apparently miscalculating his political pull. Policies figure little *in his passionate oratory*. Dubbed "the madman", he seized on the nickname and sang a song titled *"That's why they call me crazy"* on television.

In contrast, Mr Borja is staid. Party propaganda stresses his experience, honesty and balance. He plans a mixed economy: greater state control over exchange rates and trade, combined with policies to attract private and foreign investment.

No short term end to US deficit warns Fed official

BY STEWART FLEMING IN WASHINGTON

MR MANUEL JOHNSON, the Vice Chairman of the United States Federal Reserve Board, warned yesterday that a substantial improvement in the US *current account deficit* will probably take some time to achieve.

In a speech in Brazil to Central Bank Governors from countries on the American continent, *Mr* Johnson said: "based on current policies, comparable US and foreign growth rates and limited further *currency realignments*, it will take a while before the US current account deficit is reduced substantially" from the *$160bn* recorded in 1987.

He added that the estimate of the US net external debt position at the end of 1987 has risen to about $400bn – the official figure *will not be announced until next* month.

In 1985 the US became a net debtor nation for the first time since 1914.

He said that "the near term outlook for the US current account implies that the US net debtor position will continue to grow for at least the next few years but *at* a decreasing rate."

He added that even if the US current account deficit remains at the 1987 level the *ratio of net* external debt to gross national product (GNP) is likely to be less than 20 per cent *at* the end of 1990, compared with about 10 per cent at the end of 1987.

Comparable ratios for highly indebted Latin American countries are high, in the range of 25 per cent to 33 per cent of GNP he said adding that even using pessimistic assumptions a US "debt crisis" is not imminent.

Colombian police baffled over kidnapped envoy

POLICE have found the abandoned car of a West German honorary consul kidnapped on Tuesday but have no other clues to the whereabouts of the envoy and four other foreigners snatched by left-wing guerrillas, officials said yesterday, Reuter *reports from Bogota*.

Those missing include the French embassy's assistant press attaché, a second West German honorary consul and two Swiss citizens.

A total of six Colombian politicians and journalists have also been abducted.

Police *said a white Mercedes* car belonging to Mr Helmut Lücker, the West German consul in *Medellin*, was found in a car park near the central market on Wednesday.

The guerrilla operation continued yesterday when a television journalist was kidnapped by four gunmen who said they belonged to the pro-Cuban National Liberation Army (ELN), witnesses said.

Death threats rise in Chile, says report

AMNESTY INTERNATIONAL criticised yesterday an alleged rise in harassment and death threats against lawyers and government critics by clandestine groups in Chile, Reuter reports from London.

The London-based human rights organisation said numerous *death threats* had been carried out by the groups and called for an urgent and impartial *investigation of their activities*.

Amnesty International Lawyers' Group said: "The harassment of government critics by clandestine groups is one of Amnesty's main concerns in Chile."

Various lawyers were among the groups' recent targets who included trade unionists, actors, human rights workers and political activists, Amnesty said.

It said there appeared to be official complicity with the clandestine groups.

Amnesty said the groups operated with impunity and alleged that court and police probes had failed to identify and punish those responsible.

"The manner in which the groups operate and the scale of their activities leaves little doubt that they are working with official condonement and that they may be made up *of members of* the security fores acting clandestinely with civilian collaborators," Amnesty said.

Brazil unveils import reform measures

BY IVO DAWNAY IN RIO DE JANEIRO

BRAZIL HAS *announced* measures aimed at liberalising imports of agricultural products, steels and non-ferrous metals, and machinery and equipment. The measures also include greater flexibility in financing arrangements.

The moves, agreed at the National Council on Foreign Trade, are said to be the first stage of a long-awaited tariff reform, expected at the end of this month.

An official of Cacex, the agency that regulates Brazilian trade, said yesterday that the new measures would have "serious consequences for the liberalisation of trade."

However, foreign diplomats were more sceptical. "It is in the right direction, but it can hardly be said that they have opened up their doors," one said.

Under the new measures, mechanisms for imports of metal products by the steel industry *will be eased, with individual* companies now having only to report their needs to the industry's *umbrella body, Consider, at* the beginning of the year.

Until now, the rules have required each company to agree its quota requirements with both Consider and Cacex.

Brazil has also lifted the ceiling on the amount of goods that may be imported without longer-term financing arrangements from $100,000 to $300,000, with bigger quantities subject to less rigorous credit requirements.

Both the import and export of *farm products – especially* corn, cotton, rice and soya – will have fewer bureaucratic restraints. Safeguard clauses will be included to prevent dumping of surplus stocks.

Mr Namir Salek, Cacex director, said the impact of the measures would be to lift imports and reduce the level of reserves.

Foreign analysts stressed that Brazil remained far from ending its quota system on imports or repealing its law that forces companies *to buy domestic* products wherever available, instead of imports.

Royal Ordnance moves into US manufacturing

BY DAVID WHITE, DEFENCE CORRESPONDENT

ROYAL ORDNANCE, the British armaments maker, is taking its first step into US manufacturing through a joint explosives venture.

The company, which a year ago was bought from the Government by British Aerospace, is to build a new facility in Kentucky in a 50-50 partnership with the US company Ensign-Bickford. The venture, North American Explosives, will make and sell *high* explosive products for both the civil and the military market in the US, Canada and Mexico.

Royal Ordnance currently has no production facilities outside the UK. The company *said* the US move involved an initial investment of "more than $1m". It demonstrated the new corporate approach that had come in since privatisation and since the arrival of new top management.

In August and September last year, Royal Ordnance broke into the US market with a £10m order for its 105mm light gun and a £61m order for 81mm mortars. It set up a US subsidiary after being marked out for privatisation in 1985, and now has agreements with 15 US companies.

Production at the new Kentucky plant is due to start in the autumn. Further collaboration between the two partners is foreseen, involving transfers of technology and the development of new products.

Mr Maurice Dixson, Royal Ordnance *chief executive, said* the company aimed to develop its business in the US through its leading technologies, in partnership with carefully selected US groups.

Venezuela set to buy British tanks

By Robert Graham

THE Venezuelan Government is at an advanced stage in negotiations to buy 84 British made Scorpion light tanks.

The deal, understood to be worth around £47m, is the largest single military purchase from Britain by a Latin American country since the 1982 Falklands conflict.

Venezuela was among the most vociferous supporters of Argentina during the conflict and for a time cold-shouldered trade links with Britain.

The Scorpion is made by Alvis and any sale is expected to include training. The company itself is declining to comment on the contract.

But the deal has been enthusiastically supported by the *British Government and* it appears there will be no problem in obtaining Export Credit Guarantee backing.

The purchase forms part of a major upgrading and modernisation of the Venezuelan armed forces.

For more than two years the armed forces have had a shopping list of over £500m for the three services.

Constraints

However, financial constraints arising from the debt crisis were cast aside after Venezuela came close to a confrontation last August with Colombia over disputed waters in the Gulf of Venezuela.

At the same time, the government of President Jaime Lusinchi has shown increasing concern over security problems posed by the increase in activity by left-wing Colombian guerrillas along the border.

Security considerations have been a factor in holding back exploitation of oil resources in the western llanos (plains) of Venezuela.

Mr Tim Eggar, Minister of State at the Foreign Office with responsibility for Latin America, will visit Venezuela at the end of this month as part of four-nation tour of the region.

In Venezuela, Mr Jose Vincente Rangel, a prominent columnist and former left-wing presidential candidate, has attacked the deal as being over-priced.

Moscow seeks co-operation with Airbus companies

BY DAVID MARSH IN HANOVER

THE SOVIET UNION is seeking co-operation with European companies in the Airbus group on jointly developing and producing civil aircraft, according to Mr *Viktor Chuyko, the deputy Soviet* Aviation Minister.

Interviewed at the Hanover air show yesterday, *Mr Chuyko said* Moscow was interested in pooling knowledge with Western aerospace companies. "We can offer the best we have got," he said. "There are good perspectives for this co-operation."

Joint airliner development would mark a radical change with Soviet practice of seeking self-sufficiency in its air industry. *It* would also possibly run foul of technology transfer regulations policed by the Paris-based Cocom *organisation*.

For these reasons, West German industrialists and government officials at the air show yesterday were sceptical about the chances for any rapid breakthrough with the Soviet Union, but agreed the suggestion was worth discussing.

Mr Chuyko said "further work" was needed on the Cocom embargo lists *to make such* collaboration possible.

Mr Chuyko is visiting Hanover *at the helm of the most* important Soviet delegation ever to come to the 30-year-old West German air show. Mr Apollon Syszu, the main Soviet Aviation Minister, is due to arrive at the show at the weekend.

Asked whether Moscow's willingness to consider co-operation was a sign of *glasnost* (openness) and *perestroika* (restructuring), Mr Chuyko answered: "Definitely".

He indicated his country was *interested not only in the most* advanced technology, which would pose the most difficult transfer questions, but also propeller-driven airliners, the Minister said.

He singled out West Germany as a key country for possible partnership. Talks would take place shortly with Messerschmitt-Bölkow-Blohm (MBB), the German partner in Airbus, and he would also be having discussions in Hanover with MTU, *the German aero-engine* company.

He drew a distinction between co-operation on airliner *development* and on buying a European Airbus outright.

Japan in reluctant beef with US

BY CARLA RAPOPORT IN TOKYO

MR NOBORU TAKESHITA, the Japanese Prime Minister, has been creating closer ties with European leaders this week, while his envoys in Washington have been watching relations with the US take a turn for the worse.

After weeks of negotiations, the latest round of US-Japan talks on agriculture trade collapsed this week, with the two sides unable to agree on how Japan should open up its market to imports of beef and oranges. This setback comes only days after congressional approval of the Trade Bill, which Japan has vigorously opposed as protectionist and even anti-Japanese.

The US has now referred the beef-and-oranges matter to the General Agreement on Tariffs and Trade (Gatt) in Geneva, which unanimously approved the establishment *of a multilateral* panel to investigate the US complaints. US officials close to the negotiations say they are confident of a favourable ruling from Gatt, given the American victory last year striking down Japan's import restrictions on 10 other agricultural items.

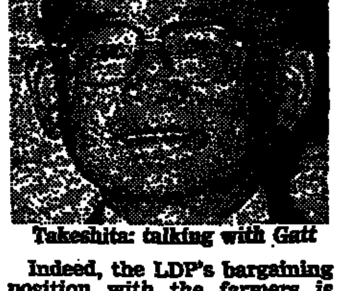
On closer inspection, however, the Gatt referral itself is not entirely a defeat for the Japanese. In fact, the breakdown in talks on beef and oranges looks like another Takeshita-style bid for more time.

Japan's prime minister is well-known for his belief in building some kind of a consensus *before forcing a decision*.

His administration is committed to liberalising Japan's agricultural markets. But his representatives in Washington know that he would prefer to carry out such changes with the acceptance, or at least grudging understanding, of the agricultural lobby.

At the moment, Japan's farmers are furious with the Government *for attempting to open up* their markets to foreign competitors. *Farmers' protest rallies and* marches are almost daily events in Tokyo these days.

Even so, *the issue of subsidising* farmers following liberalisation is now a live topic. Despite the referral to Gatt, the US and Japan are planning more bilateral talks aimed at solving the problem. At the same time, Japanese bureaucrats and politicians are talking with farmers in a bid to reduce their level of anger and gain some co-operation.



Takeshita: *talking with Gatt*

Indeed, the LDP's bargaining *position with the farmers is* strengthened by the Gatt panel's investigation. If it decides against Japan, *then the LDP Diet members* can simply tell their cattle farm voters that the Gatt ruling *reflects* an *international consensus* which cannot be ignored.

As there are about 270,000 such farmers in Japan, mostly in southern Japan, this kind of help from Geneva could prove important to LDP Diet members from the southern island of Kyushu.

Japanese bureaucrats who have studied the issue agree with the US that the Gatt decision, which should be reached this year, barring any bilateral settlement, will be against Japan.

This is based on Japan's policy of encouraging domestic beef production, *despite* maintaining strict import quotas. Further, the domestic orange industry, they believe, *will not be eligible for* protection from foreign imports because the Japanese grow mandarin oranges, not US navel oranges.

Ironically, this Japanese bid for more time will work against the farmers, because Gatt's decision will most likely recommend that liberalisation take place within two years. In the bilateral talks, *the US was considering the* acceptance of a timetable which called for gradual reductions of *the import quotas over three to* five years.

The Japanese said such action *would require them to place* an import surcharge on foreign beef and oranges. The US agreed on this point at the last moment but insisted on a ceiling for the surcharges. The talks broke off when Japan rejected that proposal.

The problem will be waiting for Mr Takeshita when he returns from his European trip

Chip pact move 'unlikely to affect prices'

EUROPEAN prices for Japanese memory chips are unlikely to fall in the near future, despite Japan's acceptance of a Gatt ruling against its system of monitoring memory chip export prices, US semiconductor industry and trade experts predicted yesterday, Louise Kehoe reports from San Francisco.

"The Europeans will be disappointed if they expect this ruling to have any immediate impact on prices," said a US semiconductor industry official in response to Gatt officials' assertion that the "true test" of Japanese compliance will be a fall in European memory chip prices.

The Gatt report was a response to an EC complaint about the US Japanese semiconductor trade pact, signed 18 months ago, in which Japan agreed *to stop* dumping memory chips and to open its home market to foreign chip suppliers.

The report said Japan's system of preventing dumping through export monitoring amounted to an illegal quota system.

The EC has contended *that the* bilateral pact forced up dynamic random access memory prices in Europe. But US industry officials maintain that market forces rather than any aspect of the controversial trade pact have pushed memory chip prices higher world-wide.

While Tokyo has agreed to comply with the Gatt report, it remains unclear how it will change its system while continuing to honour the bilateral trade pact by preventing dumping.

The issue is, however, a moot *one under* current market conditions. A world-wide shortage of DRAM chips, the *data storage* devices used in all types of computers, is forcing up prices dramatically. In the circumstances, there is no urgency for Japan to develop a new method of preventing dumping. The DRAM shortage is not expected to ease before the first quarter of 1989.

The US is, however, determined that over the next few months, a new Japanese export monitoring system should be developed.

BAe, Rockwell link to compete for US order

By Lynton McLain

BRITISH Aerospace and Rockwell International of the US signed a memorandum of understanding in Washington yesterday to collaborate in competing for a US Air Force trainer programme.

The USAF wants a tanker transport training system for undergraduate pilots to be based on up to 200 trainer aircraft.

Rockwell is *to serve as* the prime contractor in the joint venture with BAe, but the design to *be submitted will be based on the* BAe 125-800 corporate jet aircraft.

Final assembly of the aircraft, *if chosen by the USAF, will be* completed at Rockwell's Palmdale, California, aircraft assembly factory.

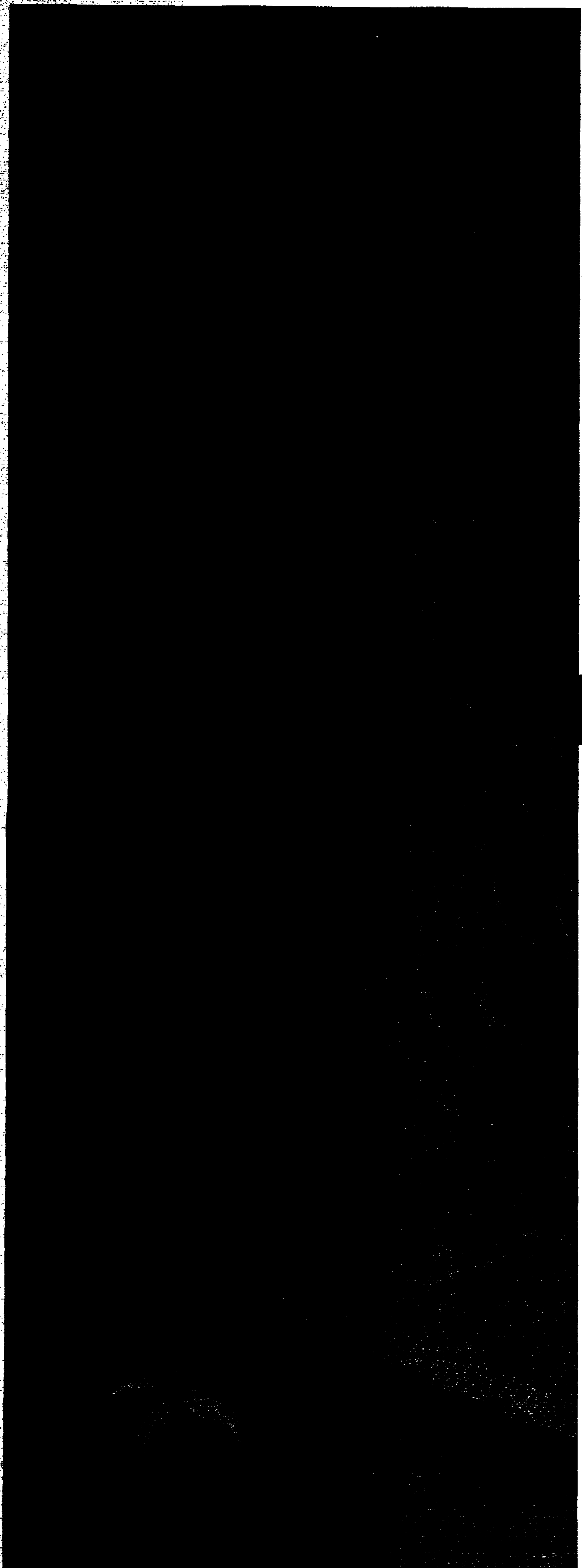
Video vending deal for UK

By Peter Montagnon

A UK company which has been in operation for less than 18 *months has* won a rare £25m order to supply and distribute video vending machines to Japan.

Fernplan of Farnham, Surrey, said it won the order from Otari Electric of Tokyo to supply 3,500 machines between now and 1993. Each machine holds up to 270 video-cassettes and can be operated by a special charge card as well as standard credit cards.

The company began business importing the machines into the UK from the US, but has now taken a controlling interest in the US manufacturer, Essex Engineering of Essex, Connecticut.



The pressure on businesses to grow is such that it's very easy for accidents to happen.

Amidst the natural euphoria over winning a large order, for example, someone forgets to check the new customer's credit worthiness.

Or, in the rush to complete a new customer's work, nobody thinks to insure the potential debt.

It's only when credit control report a problem some months later that anyone even realises their slip up.

Well, as they say, accidents will happen.

Well, actually, they needn't.

Every day we receive 500 requests from our clients to investigate and insure their credit risks.

Thanks to our sophisticated database, they can quickly get an informed opinion on any one of over a million companies.

(An opinion that could save them many thousands of pounds.)

This database is constantly updated and enables us to provide an early warning system to thousands of our customers.

EVERY DAY WE PREVENT OVER 500 INDUSTRIAL ACCIDENTS.

It prevents them taking on uncredit-worthy clients. (Or indeed, helps them identify good new business leads.)

And sometimes stops them putting not just a few thousand pounds at risk, but their whole company.

This isn't the only service we offer in addition to credit insurance, though.

Trade Indemnity Credit Corporation, for example, offers a highly specialised credit analysis service.

Then there's our collections service, probably the most advanced debt collection operation in Britain.

And, of course, there's our various export services ranging from credit insurance to non-recourse finance.

Even with systems as sophisticated as ours, however, there are times when even we can't foresee the collapse of a company.

Which is why increasing numbers of companies, small and large, use our credit insurance.

Indeed we pay out around £30 million a year when companies can't pay their bills.

Saving our customers from some very serious industrial accidents, indeed.

TRADE INDEMNITY

For further information on our services, please call 01-739 9939.

ICI improves the image of its drugs research

David Fishlock explains how a new scanning technique has reduced the need for harmful tests on animals

A TECHNIQUE which is already widely used by doctors as a powerful new way of diagnosing disease now promises to have a dramatic impact on one of the most controversial aspects of industrial research.

Nuclear magnetic resonance (NMR), one of the latest medical imaging methods, can also be used to follow the progress of new drugs or foods when they are tested on animals for efficacy and possible toxic side-effects.

As with human patients, NMR has no detectable physiological effect on the animal, which can therefore be employed repeatedly, greatly reducing the number of animals which need to be killed in the research stages of a potential new product.

This is the experience of scientists at ICI Pharmaceuticals. They have been developing NMR methods of monitoring animals during research into three kinds of compound: for treating cancer, rheumatoid arthritis and heart disease.

All three are complex disease states that require surveillance of the whole animal rather than one particular organ. Whole-body NMR scanning permits this kind of surveillance with minimum inconvenience to the animal.

NMR spectroscopy, as an analytical tool, has been used by organic chemists since the 1950s to help unravel the structure of complex molecules. NMR imaging is a newer technique, discovered in Britain in the mid-1970s and developed into a highly revealing way of peering deep into the body.

ICI is using the technique, in a £1m NMR facility at its Alderly Park laboratories in Cheshire. This biological NMR unit of six scientists also collaborates closely with Professor George Radda, the UK Medical Research Council's NMR specialist in Oxford.

ICI's initial experiments, made in 1981, used a standard laboratory instrument with a narrow, vertical magnet bore intended to take analytical samples. The scientists soon learned that living things are more fragile than inanimate samples when a mouse froze to death in the chilly bore of the magnet.

Work is centred on treatments for cancer, rheumatoid arthritis and heart disease

In 1983 the scientists borrowed an NMR spectroscope from Oxford Research, then a subsidiary of the Oxford Instruments group. In six months they convinced ICI research management that NMR was "essential" to pharmaceutical research. One senior scientist calls it "an absolute godsend."

The research team's latest instrument, bought from Bruker in West Germany, which has acquired Oxford Research, combines spectroscopy with scanning to produce sharp images as well as a detailed picture of the chemistry.

The horizontal bore of its 2.35 Tesla superconducting magnet is wide enough to take animals as big as a "mini-pig", widely used in drug experiments. The scientists anaesthetise the animal – as a doctor would do when he is scanning a sick baby by NMR.

The first of ICI's biological NMR-based drugs research is focused on cancer therapy, and specifically the use of drugs to treat cancers which seem to be related to the production of a hormone involved in the reproductive cycle.

Clear evidence of NMR's value is emerging in the area of reproductive physiology, an area where most animals differ greatly from humans. Very few animals menstruate, for example. So the scientist is obliged to use higher primates for his trials, an expensive as well as emotional expedient.

Two years ago ICI believed it had identified a clinically promising anti-androgen that might be used to treat cancer of the prostate. Until then, this had been tested only on rats.

The scientists began using NMR to try to establish an effective clinical dose, by studying the effect on the monkey prostate gland. They designed the experiment to highlight images of the monkey prostate, which shrank under the drug's influence but returned to normal size when the drug was withdrawn.

They needed only five monkeys, which all ended the trial fit and well, and ready to tackle another drug trial. Without NMR, the researchers say they would have sacrificed at least 50 animals to get the same data.

The method opens up avenues of experiment on new foods and pharmaceuticals

In tests on rats, another series of compounds has shown interesting possibilities as an anti-oestrogen, which by inhibiting this female hormone might be used to treat breast cancer.

The ICI scientists tested the compounds on female monkeys, using NMR to follow the effects on the uterus. The experiment was designed to accommodate the fact that – unlike the prostate – the uterus moves about and so is more troublesome to compare from scan to scan.

The six monkeys which participated in this experiment are also alive and well. The scientists say they would otherwise have sacrificed ten times as many monkeys to glean less data than NMR gave.

The second major research effort concerns rheumatoid arthritis, a disease of the joints in which the synovial membrane invades and dislocates the joint, producing the characteristically gnarled features.

Research is severely hampered by the lack of a good animal model. The best science can offer is the rabbit that is immunised with an antigen to provoke a specific inflammatory reaction. But even this model is difficult to monitor in testing new anti-inflammatory compounds.

The ICI scientists believed that if they could detect the disease at an earlier stage, they might have more hope of halting its progress.

The biological NMR unit has designed a technique which can follow the rabbit from the first signs of inflammation. The high resolution of the NMR can reveal fine detail in a rabbit knee joint no bigger than a human finger, so that changes can be followed minutely in the same rabbit for several months.

The images even yield quantitative data on changes taking place in the joint – alterations in soft tissues never revealed by X-ray, for instance.

In this case the ICI team is still developing its model and has not yet moved into testing new compounds for efficacy.

The third area of interest to ICI is treatment of cardio-vascular disease. The heart presents a particular problem inasmuch as it is constantly in motion.

Biological NMR facilities at ICI Pharmaceuticals allow animal studies to be used as a model for the treatment of human diseases

To obtain data on the changing chemistry of the heart the scientists implant a miniaturised radio-frequency coil – needed to make the molecules resonate – into the experimental animal, so that the device moves with the heart muscle. They use ferrets, which have a physiology which facilitates the necessary surgery, and tie off blood vessels in the heart to simulate the effect of a blocked vessel.

By measuring the output of the chemical adenosine tri-phosphate (ATP) in this way the scientists have a direct measure of the energy output and hence of the health of the animal's heart. This provides a model on which they can test chemicals which may help a patient recover from a heart attack.

Siemens trips visual alarm

By Geoffrey Charlish

SIEMENS, the West German electronics group, has introduced surveillance television for remote sites. The system sends still pictures down a telephone line as soon as an intruder detector is activated.

The tripping of an alarm will make the system dial a phone number to activate a receiver at the other end. Pictures stored at the time of tripping, or at some later moment if this is appropriate, are then transmitted.

Swedes turn up industrial heat

By Geoffrey Charlish

SWEDISH COMPANY Kanthal of Ol Hallstahammar is offering industrial heating elements that can operate continuously or intermittently at 1,900 deg C in oxidising atmospheres.

The elements have just completed a year of proving trials with furnace builders in the US, West Germany, Japan and the UK. They are said to outperform existing, similar high temperature elements by about 100 deg C.

Lotion filling room at Boots' sterile products factory in Nottingham

Boots' new site for sore eyes

BY CLIVE COOKSON

BOOTS, the UK pharmaceutical manufacturer and retailer, is marking the 50th anniversary of Optrex – one of the leading international brands of eye lotion – by moving its production to a new sterile factory in Nottingham.

The £6m plant, which employs only 35 people, can make 12m bottles of eye lotion and drops, and 5m injections a year in an atmosphere that is 99.997 per cent free of dust. Its centrepiece is a continuous sterile production line – put together by Robert Bosch of West Germany – which John Major, the factory manager, says is unusual if not unique in the UK pharmaceutical industry.

The eye lotion was previously manufactured by Roussel Laboratories in Swindon, under a contract agreed before Boots bought Optrex Ltd from Hoechst of West Germany in 1983.

That arrangement had to end because the UK Department of Health insisted, as a condition for renewing its product licence, that the lotion must be made in a strictly sterile plant. Roussel could not meet the condition without investing heavily in new equipment, so Boots decided to manufacture Optrex itself.

Boots' previous sterile manufacturing centre had been built in 1964 mainly to manufacture beef-based insulin for diabetics. But that business has disappeared in recent years, as other pharmaceutical companies have introduced superior forms of insulin developed through genetic engineering. The old plant was not built to the highest modern standards and was in any case too small to make the whole Optrex range.

Boots therefore decided to build a new plant alongside its existing tablet factory. "If the company was to move into the big league where sterile products were concerned, a new location was a top priority," says David Lewis, the sterile products group manager.

The computer-controlled factory was designed and built by Matthew Hall Engineering, but much of the production equipment is West German. The £1m eye lotion production line, integrated by Robert Bosch, starts with a "de-palletiser", which lifts empty bottles, 520 at a time, from their packing cases.

Then as the glass bottles move slowly down the line, they are: washed with demineralised water, blown dry with filtered air, heated to 350 deg C, cooled slowly, filled with lotion, checked, weighed, fitted with a cap and plastic eye bath, labelled and finally packed into cartons, ready for dispatch.

John Major, the factory manager, says Robert Bosch was not the cheapest supplier considered by Boots. The Stuttgart company was chosen because it "could provide us with very high quality machinery and, most important, could integrate it for us."

The air in the plant is kept clean by a filtration and pressurisation system. Manufactured by Dalair, a small West Midlands company, this changes the air 25 times an hour and lets through fewer than three dust particles in 10,000.

The computerised atmospheric controls, supplied by Information Transmission of Newbury, ensure that the pressure throughout the plant is higher than the air outside, to prevent dirt being sucked or blown in. The pressure is highest where sterility is most important – in the room where the bottles are filled with eye lotion.

Staff have to pass through airlocks to move from room to room. Those working in the sterile areas look like surgeons in a hospital operating theatre, dressed from head to toe in protective suits, boots, gloves and masks, and anyone who catches even a slight cold is moved to other work until he or she receives a clean bill of health.

Monitors throughout the plant ensure that a cubic foot of air never contains more than 100 dust particles greater than half a micron in diameter, and there are also continuous microbiological tests. John Major can check the air quality anywhere in the factory from a computer screen on his desk.

In the case of Optrex, bottling, capping, labelling and packing the products is a more complex and expensive process than actually making them. The manufacturing involves no chemical reactions. The ingredients, including distilled witch hazel, pure water, borates and bactericidal agents, are just mixed together in 5,000-litre stainless steel tanks.

"The manufacturing itself is very simple," says Major. "What is difficult is to make it run successfully as a continuous operation." One problem was finding a filter for the liquids that did not also remove the bactericidal agents.

The factory requires large amounts of pure steam (for sterilising) and water, which is produced continuously in an unmanned process plant room. This uses distillation equipment from Finnaqua of Finland and demineralisation equipment made by Elga in the UK.

The plant is coming on stream gradually and Boots hopes it will be in full operation in time for the Optrex 50th birthday celebrations in the autumn.

Power industry sell-off generates 'huge' interest

BY MAX WILKINSON, RESOURCES EDITOR

PRIVATE-SECTOR companies which would like to build power stations in Britain are already involved in dozens of separate negotiations, Mr Cecil Parkinson the Energy Secretary, said yesterday.

He was describing the Government's plans for the sale of the UK electricity industry in the world's largest privatisation project at a conference in London.

Mr Parkinson said that some commentators had doubted whether the plans for selling 12 area distribution and creating two power generating companies and a transmission company would allow scope for much competition in generation.

There had been doubts whether the years of nationalised monopoly might have stifled private-sector interest in the industry.

However, Mr Parkinson said: "I am pleased to report that this is definitely not the case. There is a huge amount of private-sector interest in getting into generation.

"We have seen this in the past few weeks from companies such as Costain, and the Taylor Woodrow-Balfour Beatty consortium."

In addition to the potential competition from independent power producers, Mr Parkinson said there would be competition from Scotland, possibly with a strengthened interconnection, and also from France.

He said the 12 area distribution companies would also be allowed to generate their own electricity, but a limit would be set to prevent them from becoming vertically integrated monopolies.

The regulatory system now being devised would also ensure that the consequences of bad investment decisions were borne by investors rather than by customers.

He gave a warning that the successors to the Central Electricity Generating Board might not be able to build the large number of big new power stations now being planned, unless they could be sure of a market for electricity.

"The point is that in future it will be the customers, not the producers, who make the decisions. The mere fact that the CEGB is planning new power stations does not mean that it will have guaranteed customers. The distribution companies will place contracts as they wish either directly or via the grid company."

Mr Parkinson said that after the privatisation of electricity, probably in several stages, 87 per cent of Britain's energy would be produced by the private sector, compared with 41 per cent when the Thatcher Government came to power in 1979.

Company directors more aware of 1992

By Our Financial Staff

DIFFERENCES in the perception of their members towards the single European market emerged yesterday from the Confederation of British Industry and the Institute of Directors.

Mr John Owens, deputy director general of the CBI, speaking to a conference of executives from London companies, quoted a survey conducted before the Government's campaign to create awareness of 1992. The survey showed that only 38 per cent of British companies had thought of the implications.

He called on City firms in particular to devote more of their energies to the European Community. ICL and 3M were quoted as examples of companies which had already laid down a strategy for the single market.

A survey conducted for the Institute of Directors, also done before the start of the Government campaign, showed that awareness had shot up to 79 per cent among business leaders, mostly managing directors and chairmen, nearly half of them in manufacturing.

Sixty five per cent say that they will make plans to ensure their companies remain competitive.

Hygiene criticised in resort hotels

BY DAVID CHURCHILL, LEISURE INDUSTRIES CORRESPONDENT

SEVERAL Mediterranean resort hotels were yesterday alleged to have low standards of hygiene in a survey by the Consumers' Association of hotels in the area and their kitchens.

The survey covered 59 package holiday hotels in Majorca, in the Spanish Balearic islands, Tunisia, and Rhodes and found "shocking standards" of hygiene in some of them.

All the hotels included in the survey, which is included in this month's edition of the Consumer Association's magazine Which?, were used by UK package tour operators.

Out of 17 food samples taken from the hotel restaurants, 10 contained bacteria.

"The fact that bacteria were found does not prove that you could become ill by eating this food," the report comments, though it adds: "But it does prove that these foods are likely to have had contact with sewage or faecal material and that the potential for the spread of the disease exists."

None of the hotel kitchens checked by the association's inspectors was rated as excellent, while 14 were considered so poor that they had problems which could lead to outbreaks of infection.

Even the luxury hotels did not necessarily have higher hygiene standards, according to the survey. Contaminated chicken was served at a three-star hotel in Majorca.

The inspectors also found staff smoking in kitchens, poor pest control, and inadequate waste disposal facilities.

Mr John Beishon, the association's chief executive, said yesterday that it was time the holiday industry put its house in order.

"Apart from action by governments, tour operators have a role to play," he added.

"We think they should organise regular inspections of kitchens and restaurants in the hotels they use by people who have had some hygiene training."

The association believes that tour operators should accept responsibility for the hotels they use.

"When there is an outbreak of food poisoning due to the hotel, they should compensate holidaymakers directly," it argues.

At present, the association suggests that tour operators claim that food quality is the responsibility of the hotel.

The Association of British Travel Agents, which represents both tour operators and travel agents, said yesterday it was surprised at the survey's findings.

"It looks rather a limited survey to draw general conclusions from," said a spokesman for the association.

Beaches pass clean water test

Almost seven out of every 10 beaches in England and Wales meet the cleanliness standards laid down by the European Community according to a survey published by the Water Authorities Association yesterday.

There are 360 stretches of bathing water in England and Wales that have been designated to comply with the Community directive on bathing water quality.

Monitoring during 1987 showed that 251 stretches of water met the standards of the directive.

Mr Bernard Henderson, vice-chairman of the association, said that about £150m had been spent on improvements to bathing beaches in the four years to 1985.

Since then the rate of expenditure had doubled to about £70m a year.

He said that customers of the water undertakings would have to pay for those improvements.

Mr Henderson was speaking at the launch of the 1988 Blue Flag Campaign organised by the Tidy Britain Group and sponsored by the Water Authorities Association.

Thirty one resorts are competing in the awards for safe, clean beaches.

One of the new – and controversial - conditions for entry is that dogs must be banned from the beaches during the summer season, although special areas can be set aside for them.

Lord Caithness, Minister of State for the Environment, who was present at the launch, emphasised that there were big economic benefits from cleaner beaches including increased tourism, improved shellfishing and better flood alleviation.

Lord Caithness: big benefits from cleaner beaches

Prices of houses rise by more than 20%

By Andrew Taylor

HOUSE PRICES rose by more than 20 per cent during the 12 months to the end of April, according to the latest house price survey published by Halifax, Britain's largest building society.

The building society said the annual increase was the highest for almost 10 years.

After allowing for inflation of around 3½ per cent, house prices in real terms were rising at the fastest rate since the housing boom in the early 1970s, the survey said.

House prices during the early 1970s were rising at annual rate of around 30 per cent but inflation was much higher during those years.

The Halifax house-price index in recent months has consistently grown at a much faster rate than those produced by other building societies and other house-price monitoring organisations.

Some of these have indicated a slackening in the rate of growth in London house prices. Halifax, however, says its findings are that London prices were still increasing at annual rate of about 25 per cent at the end of last month.

East Anglia had the highest rate of growth. Prices in the region had risen by about 40 per cent during the past 12 months, said the building society. Prices in the south-west were expected to be rising by about 30 per cent a year by around the middle of the year.

House-price inflation was also strengthening in the west Midlands. There had been some slight upward movement in house prices in most northern regions of England, the survey noted.

Halifax said that it expected the annual rate of house price increases to slacken to about 17 per cent nationally by the end of the year. The average price of a house in the UK was presently £55,000.

Building societies 'open to predators'

BY DAVID BARCHARD

BUILDING SOCIETIES, the savings institutions which have been the traditional source of mortgage finance in Britain – and long regarded as being beyond the reach of the corporate raider and acquisition-hungry foreign banks and companies – may no longer be as safe from predators as they once were.

That is the thrust of a report published today by Phillips and Drew, the London stockbrokers.

This report warns that recent changes in the law mean that building societies can now take part in mergers with companies, "reverse takeovers" and, at least in theory, hostile takeovers.

They can transfer their business to insurance companies, domestic and foreign banks, and even a retail store group.

What is more, the international business environment is making UK building societies look increasingly attractive to foreign institutions wanting to get into the British retail finance market.

With a single market on the horizon many European companies would be eager to team up with a UK building society, the report said.

The 1986 Building Societies Act meant that societies were now also able to transfer their business to existing public limited companies, provided that they had the consent of their members and an authorisation from the Bank of England.

However, at least half of a society's qualifying shareholders had to vote in favour. Phillips and Drew said that this requirement was "exceptionally severe" and posed a significant hurdle.

A link-up with an existing company would enable a building society to take advantage of its managerial structure and experience, as well as the company's range of products and services.

This would give advantages which a building society would not have by going it alone when it became a limited company.

But the practical problems would be greater, and there would be no five-year period of statutory protection from takeover, which a newly incorporated building society would otherwise enjoy.

Phillips and Drew said that a hostile takeover of a building society, forced by a members' revolt against the board and in favour of a merger with an outside company, was possible, but "most likely it would not succeed."

Gap between north-south home costs set to narrow

BY HAZEL DUFFY

MOBILE house hunters seeking value for money should consider former manufacturing towns in the north, says a report by the Centre for Environmental Studies for Black Horse Relocation.

The gap between prices in the north and south is set to narrow during the next two years, says the report, and prices in the north will go up more sharply.

This is partly because companies and people will seek to move away from the congested south east and partly because earlier house price booms – in 1973 and 1979 – were followed by a narrowing of the gap.

As the rise in house prices begin to slow, the expectation is that the gap will narrow. Another factor is the income effect in the south and prices are expected to stabilise because incomes are not growing fast enough to afford the prices.

The report emphasises that there is considerable variation between towns and cities in the northern areas. Some have living standards as high as in the south and house prices which are high relative to the region.

Elsewhere, in suburban towns in the north, prices have been firming up recently, particularly for high quality housing.

Peter Riddell previews the local election results

Political parties free to choose own poll yardsticks

ANALYSTS will today begin sifting through the results of the local elections held yesterday in about 200 districts of Britain. As they do, they may find the outcome so confusing that it will be possible to detect apparently contradictory implications for national politics, depending on the observer's preferred viewpoint.

Changes in the control of local councils, gains and losses of seats and shifts in the shares of the total vote can each be highlighted. But they do not always correspond.

For instance, the Labour Party's share of the vote in the metropolitan boroughs, the big cities and towns of the north and west Midlands, fell from 48.6 per cent to 48.1 per cent between 1984 and 1986, yet it won 34 more seats. This was because the Conservative's share of the vote fell and that of what was then the Alliance (the campaigning union of the Liberal Party and the Social Democratic Party) rose, the split benefiting Labour.

Similarly, this year the Tories could win seats in southern England from the Social and Liberal Democrats because of the split votes in the centre of the political ground with Dr David Owen's continuing SDP. Since the last elections the Liberals have formally merged with the official Social Democratic Party to form the Social and Liberal Democrats. Dr Owen, against the merger from the outset, has kept an SDP flag flying with his supporters. The resulting split could partially or wholly offset a strong performance by Labour against the Tories in urban areas.

As Labour understandably points out, the seats up for election today were last fought in 1984, a good year for the party, especially in terms of votes cast. How it fares today in terms of seats will depend not only on the divisions between the other parties but also on turnout of voters.

Turnout is traditionally low in the year after a general election, but there is not an even pattern. There is some evidence from around the country that this could differentially benefit Labour as its supporters today have a greater incentive than Tories to turn out and vote in protest at the recent changes in the social security and education systems and the impending community charge, or poll tax.

A long-term trend in local elections has been that the Labour Party tends to perform three to five percentage points better than its national showing. This is partly because of differential turnout and partly because voters seem to be more willing to support Labour candidates locally than nationally.

Hence, Labour votes tend to rise, and Tory votes to decline, between general elections. The fairest yardstick for today's results may therefore not be last June's general election but that of 1984, with a correction for the local election factor.

To take just the metropolitan boroughs, which are by tradition a Labour stronghold, the party took 48.6 per cent of the vote four years ago, against 31 per cent for the Tories. Last year the figures were 42.6 and 31.7 per cent respectively.

Labour's opinion poll rating nationally is currently about 40 per cent, compared with 38.5 per cent four years ago. The Tories stand at 44 per cent, against 40-41 per cent then. The big difference is in the centre parties – now at a combined level of 13-14 per cent against nearly 20 per cent in 1984.

However, the Democrats (as the Social and Liberal Democratic Party is known) argue that votes for them in elections always tend to be higher than suggested by the polls.

In Scotland, where the Tories are seeking to recover from their disastrous showing a year ago and the Scottish National Party is challenging Labour, the results will be complicated by the decision of a number of sitting independent councillors to stand as Conservatives – who are putting up 100 more candidates north of the border.

The main battle will be one of propaganda and interpretation – each party claiming to have advanced according to its own yardstick. But little will be quite what it seems to be.

Ford UK trebles 1987 pre-tax profits to £317m

BY KEVIN DONE, MOTOR INDUSTRY CORRESPONDENT

FORD MOTOR, the UK subsidiary of the US automotive group, almost trebled its pre-tax profits last year and increased its operating profits by 555 per cent as part of the dramatic recovery staged by the UK motor industry.

In recent weeks Vauxhall, the UK subsidiary of General Motors of the US, and Peugeot Talbot, the Coventry-based subsidiary of Peugeot of France, have announced record 1987 profits. Austin Rover, the volume car operations of the Rover Group, also managed a small operating profit, its best performance for a decade, although the Rover Group still made a pre-tax loss.

Ford's UK subsidiary increased its pre-tax profits to £317m ($590m) in 1987 from £109m a year *earlier, while operating profits* jumped to £295m from £45m.

The Ford group worldwide achieved record 1987 pre-tax profits of $7.38bn. The big improvement in the financial health of the US operations after the heavy losses suffered in the early 1980s, has also enabled the Ford parent company to repay the last £373m of the £961m loans it had been forced to take from its UK subsidiary in 1981/82.

The big jump in Ford's UK profits played a major role in the 93 per cent increase in total net income of Ford's European *operations* to $1.079bn, against a background of record industry volumes, higher market shares *and improved efficiency*.

In the UK Ford was helped by record registrations of vehicles and by an increase in the share of British-built cars in the company's sales to 69.4 per cent, from 64.2 per cent in 1986.

The UK is by far Ford's most important market in West Europe, and last year it continued to dominate both the car and light commercial vehicle sectors. It captured 28.8 per cent of new car sales in the UK last year, *more than the combined sales of* its two closest rivals, Austin Rover and Vauxhall (General Motors). Ford's three models, the Escort, Fiesta and Sierra, were the three best-selling cars in the UK in 1987.

According to Ford's UK annual report, the Sierra was also the best-selling fleet car in the UK last year, taking 17 per cent of fleet sales. Ford products accounted for 49.3 per cent of all fleet purchases in the UK, the highest share the company has captured since 1983.

The turnover of the group rose 19.1 per cent to £5.2bn from £4.37bn in 1986, while exports of vehicles, parts and accessories increased 14.9 per cent to £1.25m.

Production in Ford's UK car plants rose, for the third consecutive year, more than 11 per cent *to 387,000 from 346,000 in 1986.* This was despite the loss of several thousand vehicles in November and December through unofficial industrial action in the run-up to the two-week strike in February which closed *all the* company's UK plants.

The four-month period of industrial unrest cost the company about 40,000 vehicles, but it is still unclear what impact the conflict will have on Ford's 1988 financial performance. In March, its share of the UK new car market slipped to 23.8 per cent, but it is thought to have recovered *some lost ground in the last couple of weeks.*

Mr Derek Barron, Ford UK *chairman and chief executive*, says in the annual report that "it will be tougher in 1988 to sell the same volume of cars as in 1987." The company needed to make further improvements in efficiency and productivity.

Ford's total production of cars, commercial vehicles and tractors in the UK rose sharply last year to 515,012 units from 465,552. At the same time Ford's workforce shrank to an average level of 47,000, compared with 49,000 in *1986 and a peak of 80,000 in 1979/80.*

Michael Checkland

BBC gives go-ahead to Gibraltar programme

By Raymond Snoddy

THE BBC last night gave the go-ahead for the transmission of a documentary on the shooting last month in Gibraltar of three IRA operatives, in defiance of the wishes of Sir Geoffrey Howe, the Foreign Secretary.

The programme, made for the *regional* weekly *current affairs* magazine Spotlight, was cleared for showing in Northern Ireland *at the scheduled time of 8.30pm* by Mr Michael Checkland, the BBC director general.

The *BBC* documentary includes, it is believed, new witnesses who provide corroboration for an apparent eyewitness report to the shooting interviewed on last week's Thames Television programme Death on the Rock.

The eyewitness claimed that the IRA members had put their hands up before they were shot. It was claimed at the time of the *shooting, however, that the three* had made movements suggestive either of reaching for a gun or a detonator before they were shot.

The BBC's decision to show the programme despite Sir Geoffrey's concern, expressed in a telephone call yesterday to Mr Marmaduke Hussey, the BBC chairman, is likely to increase the anger of Mrs Margaret Thatcher, the Prime Minister, at Britain's broadcasters.

Last week Mrs Thatcher made *it clear she was "beyond fury"* when the Lord Thomson, chairman of the Independent Broadcasting Authority rejected a plea from Sir Geoffrey to delay showing of the Thames documentary until after the inquests are held into the killing of the three IRA members by members of the Special Air Service.

The BBC programme was sent yesterday to Broadcasting House, the London headquarters of the BBC, to be viewed by Mr Checkland. *It came with a recommendation* from Dr Colin Morris, that the programme should be transmitted as scheduled without any changes.

Sealink, P&O divided over dispute strategy

BY JIMMY BURNS, LABOUR STAFF

BRITAIN'S *two major ferry companies* yesterday appeared to be divided over what strategy to adopt in the 14-week dispute involving the National Union of Seamen.

Differences over the crucial issue of negotiations with the union surfaced publicly for the first time with Peninsular and Oriental announcing further legal action against the NUS as Sealink entered peace talks with the NUS under the auspices of Acas, the *conciliation* and arbitration service.

P&O said that lawyers acting *for two of its companies*, P&O European Transport Services and P&O European Ferries (Felixstowe) had issued notices of motion for contempt in respect of breaches by the NUS of injunctions granted to those companies on February 1.

The injunctions were issued to prevent the NUS carrying out "secondary" strike action at the time of the national *ferry dispute* in support of seamen sacked by the Isle of Man Steam Packet *shipping* company.

P&O says it is seeking enforcement of the order because the *companies'* operations have continued to be disrupted during the dispute.

Meanwhile, Sealink yesterday agreed to adjourn for 24 hours fresh talks with the NUS and the TUC on the basis of union proposals for ending further disruption by Sealink seamen who have been striking in support of Dover-based colleagues employed by P&O European Ferries.

NUS officials last night indicated that they had were anxious *to pursue* an agreement with Sealink that would lead to the lifting of the sequestration of the union ordered by the High Court on Tuesday as a result of legal action brought by the company.

Sealink has today placed advertisments in all national newspapers insisting that the seamen's dispute is between the NUS and P&O European Ferries and urging its own employees to return to work.

In a break from the Acas talks, Mr Sam McCluskie, NUS general secretary, yesterday revealed details of earlier union proposals that were rejected by P&O on Wednesday. The proposals include an immediate return to work, savings of £5m on P&O cross-channel operations this year through revised shift patterns, reduced bonus payments and 233 redundancies, and the setting up of a joint negotiating *body* to discuss further cuts of £1m over the next 12 months.

P&O claims that the proposals fail to address "in real terms the need to introduce fundamental change in working practices."

Support for P&O strikers remained solid in most British ports yesterday, although the QE2 sailed from Southampton yesterday with NUS crews.

Unions welcome equal pay ruling

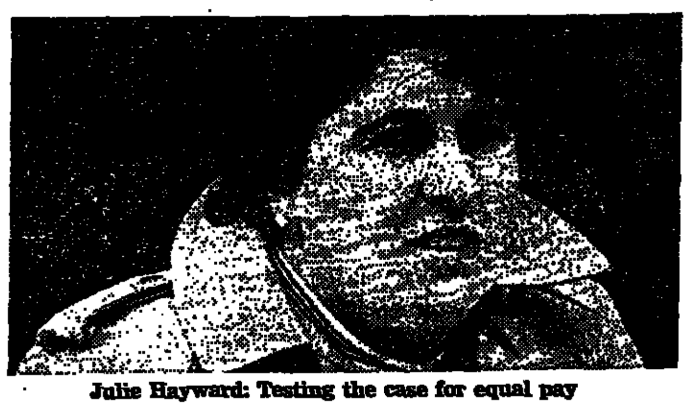
BY PHILIP BASSETT AND RAYMOND HUGHES

TRADE UNIONS are likely to increase pressure on employers for wage rises to reflect equal pay for work of equal value following a decision yesterday by the House of Lords in a key test case.

In a move welcomed by trade unions and equal rights campaigns, but greeted with reservations by the Government and employers, five Law Lords unanimously upheld a claim by Miss Julie Hayward, a shipyard cook, *for a pay increase to give her* parity with male workers.

The case is the first brought *under provisions forced upon the* UK Government by the European Court which allows claims on the basis *of women's work being of* equal value to that of men doing different but comparable jobs.

The Law Lords overturned rulings by an industrial tribunal, the Employment Appeal Tribunal and three judges in the Court of Appeal, and said that Miss Hayward's basic pay and overtime rates should be increased to match those of three male crafts*men at the VSEL consortium's* Cammell Laird shipyard in Birkenhead a painter, a joiner and an insulation engineer.



Julie Hayward: Testing the case for equal pay

Cammell Laird had argued that, although the men were £24 a week better off in terms of basic pay and overtime, Miss Hayward's additional benefits – including a paid meal break, more sick pay and two extra days' holiday a year – meant that she was better off overall.

But the Law Lords said that, when equal pay comparisons were being made, specific terms in a woman's and a man's contracts, and not just the contracts as a whole, had to be compared.

They recognised that their decision might lead to "leapfrogging" as both men and women sought to upgrade terms to bring them in line with each other.

Miss Hayward, who has been fighting the case for four years, said she was "delighted" with the result. She stands to gain about £5,000 in back pay as a result. Cammell Laird, which will have to pay the estimated £50,000 costs of the case, declined to comment.

Trade unions said they would use the Hayward decision as a tool in collective bargaining – especially in negotiating new pay structures.

Mr John Edmonds, general secretary of Miss Hayward's union, the GMB general workers, which with the Equal Opportunities *Commission helped her bring the* case, said it was "a magnificent victory for working women."

The Government would say only that it was *studying* the judgement. Ministers believe privately, though, it may have inflationary effects.

The Engineering Employers' Federation said it was against discrimination, but thought it inappropriate to make pay comparisons based on individual employment terms rather than the whole remuneration package.

Soviet team to visit chemical defence unit

By Lyndon McLain

SOVIET chemical weapons specialists have been invited by the Government to visit the Chemical Defence Establishment at Porton Down, Wiltshire, later this month after the Soviets accepted a UK idea for an exchange of visits as a confidence-building measure.

In return, the Soviet Union has agreed to let scientists from Porton Down visit the *Soviet* chemical warfare facility at Shikhany in July.

An official Soviet team, of *about 12 people, will visit* Porton Down, in central southern England, from May 24 to May 26.

The visits are the first bilateral exchanges between the Soviet Union and any country in Western Europe on chemical weapons. The initiative for the visits comes as negotiations continue at the United Nations conference on disarmament in Geneva, which is aiming for a comprehensive and global ban on chemical weapons.

The visits will involve the exchange of scientific, technical and military information on chemical warfare. This will include production, assessment of the chemical warfare hazard, storage, trials, detection, protection, monitoring, decontamination, medical countermeasures and disposal.

"The programme at Porton Down will be designed to maximise the opportunities for the exchange of information between the two sides," the Government said yesterday.

Dr. G. Pearson, director of the Porton establishment, who was part of an international delegation that visited Shikhany for the first time in October last year, said yesterday that each side knew what *could and could not be said.*

He said he hoped the visit to Shikhany would produce a "dialegue" about the size of the Soviet stockpile

Philip Bassett examines implications of the Lords' ruling

Law faces deeper disagreement

"I DON'T see how any employer can escape the drastic consequences of this action," said Mr John Edmonds, head of the GMB general union, yesterday of the Lord's ruling on equal pay for work of equal value. "It really *does make equal pay something* of a reality, instead of a legal minefield."

In practice, though, the case may simply deepen the disagreement which has clouded equal pay provisions since they came into effect in 1984. They had then been forced on a reluctant UK Government two years earlier by the European Court after it found Britain in breach of a 1975 EC directive on the issue.

The disagreement is over what *the provisions mean, on how useful* they are as a legal rather than collective bargaining tool and on *how widespread are their implications.*

The root of the provisions is clear: to ensure that women in segregated jobs could claim equal pay based on the contention that their work was of equal value to that of men doing different jobs.

Their effect has been more *obscure, though, due at least* partly to their labyrinthine procedures.

Miss Julie Hayward knows this better than most. In autumn 1981, she first approached her union, Mr Edmonds' GMB, complaining about receiving wages at the unskilled level for doing skilled work. A month after the equal value provisions were introduced, she tabled the first claim in the UK. She got her result yesterday, four years later; a *result which should entitle her to* back pay of more than £5,000.

But employers were yesterday *asking* how widespread the ramifications of the Hayward case would really be. Both the Confederation of British Industry and the Engineering Employers' Federation suggested that the judgement may only further complicate an already complex law.

Lord Goff spoke in his judgement yesterday of possible "leapfrogging." Mr Joe O'Hara, GMB national legal officer, forecast only two such leaps: women using the judgment to level their *basic pay with men, and men in* return using it to obtain the benefits in kind which Cammell Laird, Miss Hayward's employer, insisted throughout the case took her total pay package to levels in fact higher than that of her male colleagues.

Some employers, *especially* those in such sectors as retailing, which employ a high proportion of women, have warned privately that labour costs could rise by up to 50 per cent, though others say such forecasts are too high.

Some believe that the price of any such labour cost increases will have to be paid, but probably in jobs.

Miss Hayward's case is far from being the last employers, employees or their unions will see of the equal value provisions. On Monday, the House of Lords will begin to hear the appeal in the case brought by Mrs Irene Pickstone against her employers, the Freemans mail order company. She claims men in the company are doing the same work but are classified differently – defining an issue which equal value campaigners say is of even greater importance than the Hayward case.

For now, though, union leaders and the Equal Opportunities Commission are celebrating.

Office assesses claims against Czechoslovakia

BY STEPHEN FIDLER, EUROMARKETS CORRESPONDENT

THE CLEARING up of long-standing British financial disputes with the countries of Eastern Europe advanced another step yesterday when the Foreign Office announced its final assessment of British claims against Czechoslovakia.

The agreement on claims was signed in 1962, but it has taken since August 1983, the deadline for the submission of private claims, *for* the Foreign Office to come to this final assessment.

There were 888 successful private claims from British nationals, who will share a distribution of £3.8m. In total, 2,207 private claims were received for about £21m, but 1,182 were dismissed, *including claims for the loss of* chickens which the Office considered should not be assessed. A further 183 claimants did not proceed with their claims.

● FT LAW REPORTS

Disclosure order is confined to Mareva injunction limits

REILLY & ANOTHER V FRYER
Court of Appeal (Lord Justice Mustill and Lord Justice Ralph Gibson)

WHERE A post-judgment Mareva injunction is limited to assets within the jurisdiction, any *order for discovery or disclosure* should be similarly limited, except in exceptional circumstances in which support of the Mareva necessitates disclosure of assets abroad.

The Court of Appeal so held when dismissing an appeal by Mr John Reilly and Mrs Anne Reilly from Mr Justice Boreham's decision refusing to order Mr Keith Fryer to identify his assets held out of the jurisdiction.

LORD JUSTICE MUSTILL said that as a result of numerous loan transactions made in the UK, Mr *Fryer owed Mr and Mrs Reilly* more than £1m. On January 25 1985 Mr and Mrs Reilly issued a writ.

On September 7 1987, Mr Fryer consented to judgment for £2m. He did not *start* to satisfy the judgment. Mr and Mrs Reilly sought a Mareva injunction to maintain the position until they could get the machinery of execution in order.

First they sought an order to restrain Mr Fryer from removing any of his UK assets out of the jurisdiction.

Second, they sought an order for disclosure of (a) the full value of his assets within or without the jurisdiction; (b) the nature and whereabouts of all such assets; and (c) if the assets were loan contracts, identification of the other contracting party, and full terms of the loans and amounts outstanding.

A Mareva injunction was *granted applying only to* Mr Fryer's assets within the jurisdiction.

Mr Justice Boreham declined to order the second head of relief.

In *Ashtiani v Kashi [1986] 3 WLR 647* the Court of Appeal held that a Mareva injunction sought before trial should be limited to assets within the jurisdiction, and any ancillary order for discovery should be similarly restricted.

Basing himself on that decision *Mr Justice Boreham* held that when a Mareva injunction was limited to assets within the juris*diction, there ought to be* no order for discovery of foreign assets, except in circumstances which made such order necessary to support the Mareva injunction.

Mr and Mrs Reilly appealed.

Items (a) and (b) of the order sought could not possibly be justified. Disclosure would identify assets to which the Mareva injunction could not apply. The judge was correct in declining to order disclosure under those heads.

As to whether an order should have been made under (c), Mr and Mrs Reilly argued that it was believed that the proceeds of the loans had been applied in making further loans outside the jurisdiction; that the only person who knew whether those loans were assets within the jurisdiction was Mr Fryer; that it must be assumed in advance he could not be trusted to give an accurate account unless his response was policed by the court; and that the only way in which that could be done was to extract from him at the outset all necessary details of the loan.

Mr Justice Boreham was right to reject the argument. Once one took *Ashtiani* as the starting point for proceedings after judgment, the logic and spirit of the decision required the court to abstain from investigating assets which were not known to be present within the jurisdiction.

Mr Fryer, in an affidavit disclosing his assets within the jurisdiction, asserted there were no assets in the *shape of loans to* which the Mareva injunction applied.

Either there were no loans *falling* within the Mareva injunction, or Mr Fryer had misled his advisers. If Mr and Mrs Reilly were to have any remedy it should not take the shape of inserting retrospectively into the judge's order *a disclosure requirement* wider than the principles would permit, but rather to pursue by whatever means might be available an enquiry into the truthfulness of the affidavit.

That would not be an affidavit designed to disclose assets outside the jurisdiction, but would be an affidavit designed to test the veracity of Mr Fryer's oath as to assets within the jurisdiction.

It would not be proper for the present court to make an order enabling Mr and Mrs Reilly to explore the truthfulness of what Mr Fryer had said in his affidavit. To do so would not be to rule on the appeal, but to make a new order of a different juristic type from the one in suit before Mr Justice Boreham. It might be open to Mr and Mrs Reilly to obtain relief of that kind from a judge at first instance.

There was no respect in which Mr Justice Boreham's initial order could be faulted. The appeal was dismissed.

LORD JUSTICE RALPH GIBSON agreed.

For Mr and Mrs Reilly: Giles Wingate-Saul QC and Colin Stutt (Penningtons Ward Bowie, for Goldberg Blackburn & Howards, Manchester)

For Mr Fryer: Stephen Grime QC (Livingstone & Co)

Post-judgment Mareva allowed on foreign assets

BABANAFT INTERNATIONAL CO SA v BASSATNE
Chancery Division: Mr Justice Vinelott: April 19 1988

THE COURT may grant an injunction restricting a judgment debtor's dealings with his foreign assets if judgment was for a liquidated sum and the injunction is necessary to support an order for oral examina*tion as to his means of satisfying* the debt.

Mr Justice Vinelott so held when granting an injunction to Babanaft International Company SA restraining judgment debtors, Mr Bahedine Bassatne and Mr Walid Bassatne from dealing with their foreign assets without first notifying Babanaft.

HIS LORDSHIP said that in an action brought by receivers of Babanaft the defendants, had been held liable to indemnify Babanaft for over $15m.

Babanaft applied for an order pursuant to RSC Order 48 for oral examination of the defendants as to their assets available to meet the judgment debt; for disclosure of the value of such assets; and for an injunction restraining them from disposing of any of their assets wherever situated pending payment to Babanaft.

An order for oral examination was made by consent. Also, the defendants were ordered to make full disclosure of their assets

During the hearing the court reached the conclusion that the defendants would be likely to take any step open to them to frustrate or delay execution. There was no reason why it should decline to grant an injunction where the asset was moveable property situated abroad, provided it was satisfied the injunction would be effective and would not invade the sovereignty of a foreign state.

It was well-settled that in the *context of the pre-judgment Mar*eva jurisdiction the court would not grant an injunction to restrain a *defendant* from *dealing* with *his* assets *outside the juris*diction.

The reasons were explained by Lord Justice Dillon in *Ashtiani*, He said "First it could very well be oppressive to the defendant that...his assets everywhere should be frozen...Secondly, it is difficult for the English court to control or police enforcement proceedings in other jurisdictions...Third, discovery involved invasion of an otherwise absolute right to privacy...Fourth...the object of a Mareva injunction is not to give the plaintiff security...in advance of judgment...".

The position with regard to disclosure was radically different after judgment. The court had the power, now contained in Order 48, to order a defendant to be examined as to his assets *available to meet the judgment.*

In *Reilly v Fryer* the plaintiffs obtained judgment for a substantial sum. They sought an injunction restraining the defendant from removing his assets outside the jurisdiction, and an order that he make disclosure by affidavit. The Court of Appeal decided that if a plaintiff was content to limit the injunction sought to assets within *the juris*diction, he could not then ask for disclosure by the defendants of *his assets outside* the jurisdiction.

Lord Justice Dillon's first reason in *Ashtiani* for refusal to grant a pre-judgment Mareva injunction over foreign assets, could not have any application after judgment. It could hardly be said to be oppressive for a plaintiff to seek to enforce a judgment in any jurisdiction which gave it full recognition.

Miss Dohmann for the defendants placed considerable reliance on his second *reason* – the difficulty of controlling or policing enforcement in other countries. She relied on the complications and hardship to banks and other financial institutions that might arise in complying with the order.

Those were important practical considerations which must be borne in mind in deciding whether to grant an injunction affecting foreign assets. Their weight must be evaluated in the context of the facts and of the the width of the order sought.

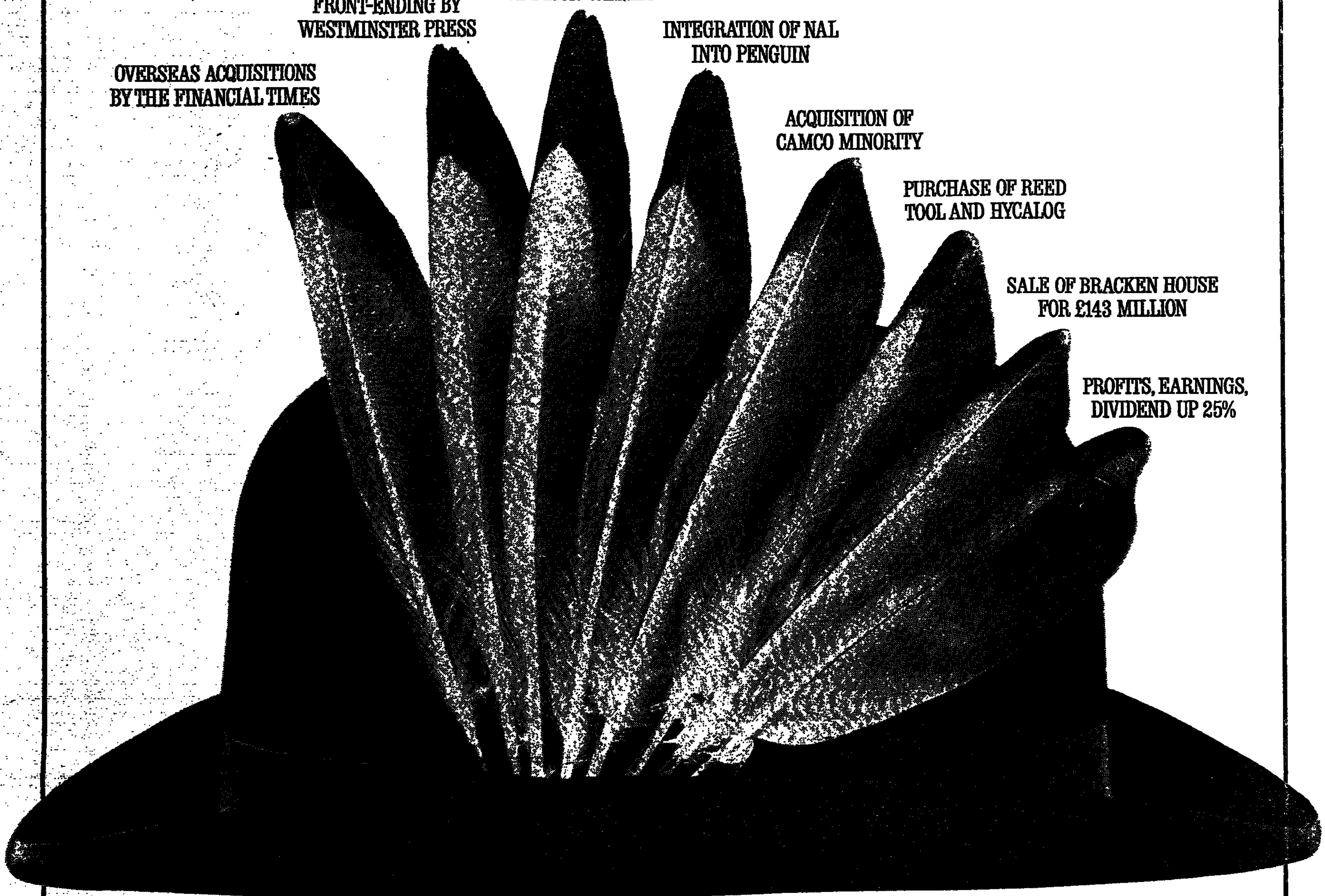
In the present case the injunction was sought in aid of the examination under Order 48 – ie to ensure that the defendants did not frustrate the purpose of the examination by disposing of assets disclosed in the course of or before examination.

That purpose would be fully answered by the grant of an injunction restraining the defen*dants* from *dealing* with their assets from outside the jurisdiction without giving Babanaft reasonable notice of their intention to do so. It would be open to Babanaft to take steps where they were situated, to execute judgment or to prevent disposal or, if appropriate, to apply *for* appointment of a receiver.

An injunction was granted in those limited terms.

For Babanaft: AG Clarke QC, Simon Mortimore and Charles Haddon-Cave (Holman Fenwick & Willan)

For the defendants: Barabara Dohmann QC and Hugo Page (Theodore Goddard)



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TO: THE REGISTRAR, PEARSON PLC, LLOYDS BANK, GORING-BY-SEA, WEST SUSSEX BN12 6DA.

PEARSON

Retailing plans beset by uncertainty

THE Government is under pressure to clarify planning policy for shopping complexes outside town centres. And publication last January of policy guidance for local planning authorities has done nothing to diminish it.

The question is not whether there should be retail expansion, but where that expansion should take place. The answer is crucial to private sector investment flows. It is also important for the future of the Government's inner cities regeneration policy.

The difficulty with existing policy is that it remains unclear to retailers, developers, investors and even the planners themselves.

It is designed to hasten rather than hinder economic development. Thus, for big retail developments, the guidelines reiterate that it is not the function of planning policy to inhibit competition. On the other hand, planners should consider whether major developments "could seriously affect the vitality and viability of a nearby town centre."

It involves is a balancing trick for the planners, the basis for whose decisions is made the more precarious by the lack of definition of "vitality and viability".

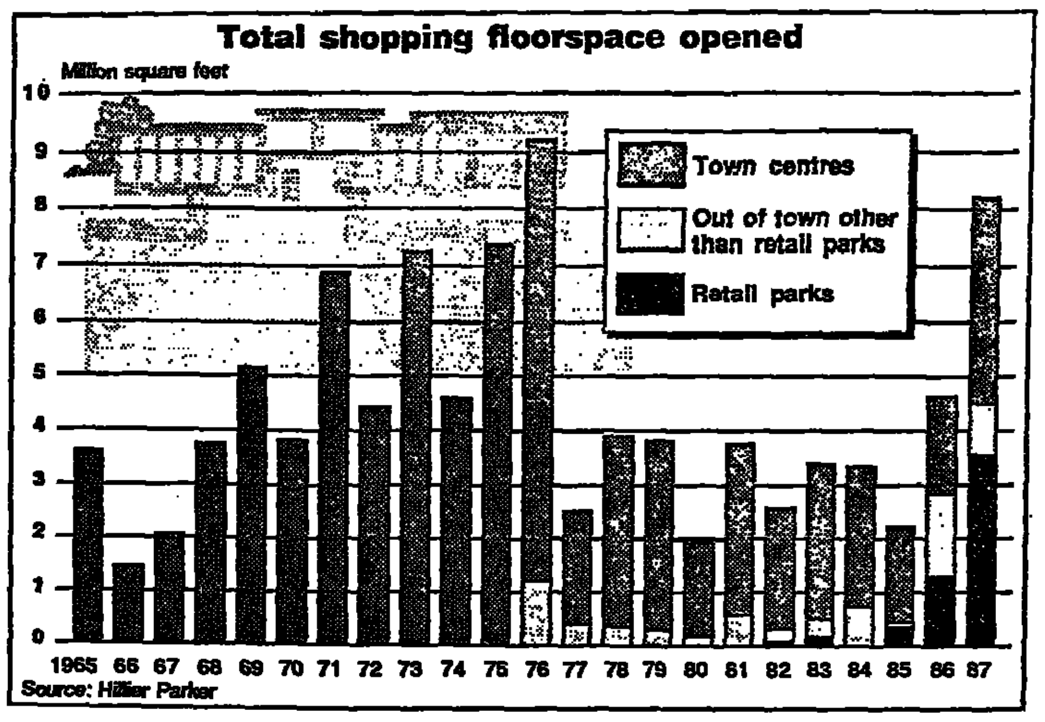
The Government makes quite clear in its guidelines that major retail developments are not generally acceptable in the countryside and should not occur in the Green Belt. Outside urban areas, they may be permitted if they reclaim derelict land, but within urban areas planners need to pay attention to the "vitality and viability" question.

The immediate practical point, however, is not the interpretation of the guidelines by local authorities but by the Department of Environment and its inspectorate. If a local council refuses a planning application, there may be an appeal to the department. If it refuses to act, the matter reverts to the department. And, in any case, the department automatically scrutinises all applications concerning more than 250,000 sq ft.

But it is not yet known how the department intends to interpret its own guidelines. That should be illuminated by the raft of planning enquiries – among them demands for new shopping centres around Manchester, Birmingham, Exeter and on the London periphery – now going through the system.

Meanwhile, there are four consequences of the uncertainty. The first is that there are no yardsticks on which to base decisions. The role of the retail warehouse in the shopping patterns of the UK is well established and gathering strength. Healey and Baker, chartered surveyors, calculates that rental levels for prime warehouses rose 15 per cent last year. But the role of the shopping complex outside the traditional town centre remains poorly defined.

The US experience is that department stores lead other retailers out of town, close to where the shoppers live, and in many places left a commercial hole. But there is no comparable British experience. There are plenty of consultants' reports based on hypotheses, but precious little empirical evidence about the effect on town centres of major developments out of town.



On this question, the Metro-Centre at Gateshead, the nearest thing in Britain to an out-of-town US shopping mall, sheds little light because it is too young to have had a lasting effect on traditional shopping patterns. Indeed, the anecdotal evidence suggests that the retailers have not realised their early hopes of the new centre.

The second point about the uncertainty is that retailers are going to have to make investment decisions in spite of it. Hillier Parker, chartered surveyors, commissioned the Henley Centre to survey 14 leading retailers and found "many expansion plans are equal to, or even in excess of, those witnessed in recent years." It is precisely this sort of expansionist pressure, nurtured by an increasingly car-borne and demanding public, that planning policy has to accommodate.

Third, the retailers, according to the survey, would prefer to expand inside rather than outside town centres, but they are concerned about customer access and the level of amenities. Hence the moves by the British Council of Shopping Centres to promote the role of the town centre manager. In response to this, Mr William Waldegrave, Minister for Housing and Planning, has given pep talks to local authorities about the need to spruce up town centres.

Retailers, though, will go where they can trade. They may have a preference for the town centre, but if there is a movement outwards then that is where they will be forced to go. This sort of view has been expressed by the John Lewis Partnership.

Fourth, there is a limited amount of funds available for investment, despite the prosperity of the retail sector. So the more that is channelled out of town, the less there is available for inner city schemes.

Now, it is certain that there will be more metrocentres. It is equally certain that there will be more changes in town centres. As the accompanying chart indicates, it is in the town centres that most of the new shopping schemes have been built so far.

The niggling worry for the future is what will happen to shops on the periphery of town centres. It is likely to be these which will be hurt most by the conflicting pulls of the new schemes both in and out of town.

BY PAUL CHEESERIGHT

Discussing the ins and outs

THE OXFORD GROUP is both new and unusual. Last year a group of disparate companies started to meet to discuss the in-town/out-of-town shopping question and managed to work out a common view. It wrote to Mrs Margaret Thatcher, the UK Prime Minister, and had quiet talks with Mr William Waldegrave, the Minister for Housing and Planning.

The membership list is a cross section of those interested in retailing. From the multiples, there are Boots, C&A, Dixons, John Lewis and W. H. Smith. The developers involved are Glengate, Ladbroke City and County Land and Rugby Securities. From the investing financial institutions come Norwich Union and Royal Life. And the chartered surveyors are Edward Erdman, Bernard Thorpe and Gooch and Wagstaff. Management Horizons, the consultants, is also a member.

There are numerous supporters, but the notable absentees include Marks and Spencer, Arndale Shopping Centres (now part of P&O Property), Capital and Counties and the Prudential Corporation.

The main concerns of the Oxford Group reflect the uncertainty about shopping policy. "There needs to be a balanced approach. The Oxford Group is not High Street protectionist, it is not against out-of-town, but it does want a balanced approach," says Ross Davies, fellow of Templeton College's Oxford Institute of Retail Management, which is providing the group's secretariat.

But, because the group wants wants balance, it also wants clarity. It would like to know what criteria the Department of Environment inspectors use in the adjudication of planning appeals for the major retail developments. "If the private sector were informed, it would create a lot more certainty about where they direct their investment," says Mr Davies.

A significant point here for the Oxford Group will be the way regional planning guidelines define a shopping development policy that fits into the already published national policy. The winding up of the old metropolitan authorities, like the Greater London Council, has forced borough and city councils to co-operate in order to work out what they would like the Environment Secretary to include in the regional guidelines.

So far these have only been issued for the West Midlands and they mirror the national guidelines. Existing shopping centres will remain the main focus for the provision of shopping, but that need not prevent some development taking place elsewhere. However, and this is the sort of greater precision the Oxford Group wants, additional centres of 1m sq ft or more are unlikely to be justified, according to the guidelines.

International Appointments

International Property

Company Notices

SCHERING

Notice of Annual General Meeting

Schering Aktiengesellschaft
Berlin and Bergkamen

(Securities Code Nos. 717 200 and 717 201)

Shareholders are invited to attend this year's Annual General Meeting, which will take place on Wednesday, 15 June 1988 at 10 a.m. at the International Congress Centre Berlin, Messedamm/ Neue Kantstrasse, 1000 Berlin 19 (Charlottenburg).

Agenda

1. To present the approved accounts, the group accounts, the annual report for Schering A.G. and the group annual report for the business year 1987 together with the report of the Supervisory Board.
2. To resolve upon the appropriation of the net profit for the year.
3. To resolve upon discharging the Board of Management.
4. To resolve upon discharging the Supervisory Board.
5. To elect an additional member of the Supervisory Board.
6. To elect the auditors for the fiscal year 1988.

The complete agenda, including the resolutions put forward, is due to appear in the 6 May 1988 issue (No. 86) of Bundesanzeiger (Federal Gazette). *Please refer to this announcement for* details of the agenda and of the procedure for depositing shares in order to attend the Meeting. Closing date for such deposits will be Wednesday, 8 June 1988.

Pursuant to Section 125 of the German Companies Act we have sent Notices to Shareholders and the abridged version of our annual report for 1987 intended for all holders of Schering shares to every bank holding Schering shares in safe custody, for them to pass on to all holders of Schering shares.

Shareholders who have their Schering shares held in safe custody by a bank and have not as expected received these documents from their bank by the beginning of June 1988 are requested to apply for them to their bank.

Berlin, 6 May 1988

The Board of Management

WESTERN DEEP LEVELS LIMITED

(Incorporated in the Republic of South Africa)
Registration No. 57/02349/06

Notice to holders of 12 per cent unsecured debentures 1986-1993 — interest payment No. 16

Notice is hereby given that in respect of the interest on the debentures for the period January 1 1988 to June 30 1988, warrants *bearing the latter date* will be *posted from the* Johannesburg and United Kingdom offices of the transfer secretaries on or about Monday, June 20 1988 to debenture holders registered at the close of business on Friday, May 20 1988. For that purpose the transfer registers and registers of debenture holders will be closed from Saturday, May 21 to Saturday, June 4 1988, both days inclusive.

Registered debenture holders paid by the United Kingdom Registrars will receive their interest in United Kingdom currency converted at the rate of exchange applicable on Monday, May 23 1988. Any such debenture holders may, however, elect to be paid in South African currency, provided that the request is received at the offices of the transfer secretaries in Johannesburg or in the United Kingdom on or before Friday, May 20 1988.

In terms of the Republic of South Africa Income Tax Act, 1962, as amended, and the proposed amendment thereto as announced in the 1988 Budget Speech, a withholding tax at the rate of 10 per cent will be deducted by the company, where applicable, from the interest accruing in the period to March 16 1988 to those debenture holders whose addresses in the registers of debenture holders are outside the Republic of South Africa. Interest amounting to R20 or less accruing in any one year is exempt from the tax.

By order of the board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per J. H. Perry, *Companies Secretary*

Transfer Secretaries
Consolidated Share Registrars Limited
First Floor, Edura
40 Commissioner Street
Johannesburg 2001
(P.O. Box 61051
Marshalltown 2107)
and
Hill Samuel Registrars Limited
6 Greencoat Place
London SW1P 1PL

Registered Office
44 Main Street
Johannesburg 2001
(P.O. Box 61587
Marshalltown 2107)

London Office
40 Holborn Viaduct
London EC1P 1AJ

Johannesburg
May 5 1988

EAST RAND GOLD AND URANIUM COMPANY LIMITED

(Incorporated in the Republic of South Africa)
Registration No. 71/07001/06

Notice to holders of 15.5 per cent unsecured convertible debentures 1988-1991 — interest payment No. 8

Notice is hereby given that in respect of the interest on the debentures for the period *January 1 1988 to June 30 1988*, warrants bearing the latter date will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about Monday, June 20 1988 to debenture holders registered at the close of business on Friday, May 20 1988. Debentures surrendered for conversion will only bear interest until *June 24 1988*. The transfer registers and registers of debenture holders will be closed from Saturday, May 21 to Saturday, June 4 1988, both days inclusive.

Registered debenture holders paid by the United Kingdom Registrars will receive their interest in United Kingdom currency converted at the rate of exchange applicable on Monday, May 23 1988. Any such debenture holders may, however, elect to be paid in South African currency, provided that the request is received at the offices of the transfer secretaries in Johannesburg or in the United Kingdom on or before Friday, May 20 1988.

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By order of the board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per A. J. S. Sebba, *Companies Secretary*

Transfer Secretaries
Consolidated Share Registrars Limited
First Floor, Edura
40 Commissioner Street
Johannesburg 2001
(P.O. Box 61051
Marshalltown 2107)
and
Hill Samuel Registrars Limited
6 Greencoat Place
London SW1P 1PL

Registered Office
44 Main Street
Johannesburg 2001
(P.O. Box 61587
Marshalltown 2107)

London Office
40 Holborn Viaduct
London EC1P 1AJ

Johannesburg
May 5 1988

FIDELITY BALANCED PORTFOLIO

Societe d'Investissement a Capital Variable
13, Boulevard de la Foire
R.C. Luxembourg B 25918

Notice of Annual General Meeting

NOTICE is hereby given that the Annual General Meeting of the Shareholders of FIDELITY BALANCED PORTFOLIO, a société d'investissement à capital variable organized under the laws of the Grand Duchy of Luxembourg (the "Fund"), will be held at the principal registered office of the Fund, 13 Boulevard de la Foire, Luxembourg, at 11 a.m. on May 26, 1988, specifically, but without limitation, for the following purposes:

1. Presentation of the Report of the Board of Directors;
2. Presentation of the Report of the Statutory Auditor;
3. Approval of the balance sheet and income statement for the fiscal year ended January 31, 1988;
4. Election of seven (7) Directors, specifically the re-election of the following seven (7) present Directors: Messrs. Edward C. Johnson 3d, William L. Byrnes, Charles A. Fraser, Hisashi Kurokawa, John M. S. Patton, H. F. van den Hoven and Compagnie Fiduciaire;
5. Election of the Statutory Auditor, specifically the election of Coopers & Lybrand, Luxembourg;
6. Declaration of dividends on the Fund's Class A and Class B shares in respect of the Fiscal Year ended January 31, 1988;
7. Proposal, recommended by the Board, to amend the provisions of Articles 7 and 8 of the Fund's Articles of Incorporation which presently provide that any owner of either or both Class A and Class B shares which constitute in the aggregate more than 3% of the [illegible] both Class A and Class B shares which constitute at any time in the aggregate more than 3% of the aggregate outstanding shares of both classes to redeem the excess.
8. Consideration of such other business as may properly come before the meeting.

With the exception of Item 7, approval of the above items of the agenda will require the affirmative vote of a majority of the shares present or represented at the Meeting with no minimum number of shares present or represented in order for a quorum to be present. With respect to Item 6, each class will vote separately its approval of the dividend to be paid on shares of that class; the affirmative vote of a majority of the shares of that class present or represented at the meeting will be required in addition to the affirmative vote of a majority of the vote of the combined classes present or represented at the meeting to approve the dividend. Approval of Item 7 will require a quorum of at least a majority of the shares outstanding on the Meeting date and the affirmative vote of two-thirds of the shares present or represented at the Meeting. If a quorum is not present, Item 7 may be voted on at an adjourned session of the Meeting, at which no minimum number of shares will be required to be present or represented in order for a quorum to be present. Subject to the limitations imposed by the Articles of Incorporation of the Fund with regard to ownership of either or both Class A and Class B shares which constitute in the aggregate more than three percent (3%) of the aggregate shares of both classes authorized for issuance, each share is entitled to one vote. A shareholder may act at any meeting by proxy.

Dated: April 13, 1988

BY ORDER OF THE BOARD OF DIRECTORS

UNILEVER N.V.

DIVIDEND ON CERTIFICATES FOR ORDINARY CAPITAL
ISSUED BY N.V. NEDERLANDSCH ADMINISTRATIE- EN TRUSTKANTOOR

Final dividend payments in respect of the year 1987 will be made on or after *20 May 1988* as follows:—

SUB-SHARES OF FL.12
IN THE NAME OF MIDLAND BANK EXECUTOR AND TRUSTEE COMPANY LIMITED
now MIDLAND BANK TRUST COMPANY LIMITED

A dividend, Serial No 2 of Fl.7.59 per sub-share, equivalent to 215.8703p converted at Fl.3.5160 = £1.

DUTCH DIVIDEND TAX relief is given by certain Tax Conventions concluded by the Netherlands. A resident of a convention country will, generally, be liable to Dutch dividend tax at only 15% (Fl.1.1385, 32.3805p per sub-share) provided the appropriate Dutch exemption form is submitted. No form is required from UK residents if the dividend is claimed within six months from the above date. If the sub-shares are owned by a UK resident and are effectively connected with a business carried on through a permanent establishment in the Netherlands, Dutch dividend tax at 25% (Fl.1.8975, 53.9676p per sub-share) will be deducted and will be allowed as credit against the tax payable on the profits of the establishment. Residents of non-convention countries are liable to Dutch dividend tax at 25%.

UK INCOME TAX at the reduced rate of 10% (21.5870p per sub-share) on the gross amount will be deducted from payments made to UK residents instead of at the basic rate of 25%. This represents a provisional allowance of credit at the rate of 15% for the Dutch dividend tax already withheld. No UK income tax will be deducted from payments to non-UK residents who submit an Inland Revenue Affidavit of non-residence in the UK.

To obtain payment of the dividend sub-share certificates must be listed on Listing Forms obtainable from:—
Midland Bank plc, Stock Exchange Services Dept., Mariner House, Pepys Street, London, EC3N 4DA.
Northern Bank Limited, 2 Waring Street, Belfast BT1 2EE
Clydesdale Bank PLC, 30 St Vincent Place, Glasgow.

Separate forms are available for use (a) by Banks, UK firms of Stockbrokers, Solicitors or Chartered Accountants (b) by other claimants. Notes on the procedure, in each case, are printed on the forms.

DUTCH CERTIFICATES OF FL.1000, FL.100 FL.20 and FL.4

A dividend of Fl.2.53 per FL4 against surrender of Coupon No 2. Coupons may be encashed through one of the paying agents in the Netherlands or through Midland Bank plc; in the latter case they must be listed on the special form, obtainable from *the Bank, which contains a declaration that the certificates do not belong to a* Netherlands resident.

Instructions for claiming relief from Dutch dividend and UK income tax are as set out above except that UK residents liable to Dutch dividend tax at only 15% must submit a Dutch exemption form. *No form is required from UK residents holding "K"* certificates if the dividends are claimed from Midland Bank plc within six months from the above date. If the certificates are owned by a UK resident and are effectively connected with a business carried on through a permanent establishment in the Netherlands, Dutch dividend tax at 25% will be deducted and will be allowed as credit against Dutch tax payable on the profits of the establishment. Dutch dividend tax on this dividend is Fl.0.6325 at 25% and Fl.0.3795 at 15%. The proceeds from the encashment of coupons through a paying agent in the Netherlands will be credited to a convertible florins account with a bank or broker in the Netherlands.

A statement of the procedure for claiming relief from Dutch dividend tax and for the encashment of coupons, including names of paying agents and convention countries, can be obtained from Midland Bank plc at the above address.

N.V. NEDERLANDSCH ADMINISTRATIE- EN TRUSTKANTOOR
London Transfer Office, Midland Bank plc, Stock Exchange Services Department, Mariner House, Pepys Street, London EC3N 4DA.
4 May 1988.

NOTICE OF MEETING

Annual General Meeting
Notice is hereby given that the twenty-sixth annual general meeting of The RTZ Corporation PLC will be held at the Grosvenor House (Ballroom Entrance), Park Lane, London W1 on Thursday 2 June 1988 at 2.30 pm for the following purposes:-

Special business
1 To consider and, if thought fit, to pass the following resolution which will be proposed as a special resolution, namely that:

the directors be and are hereby

(a) generally authorised pursuant to and in accordance with Section 80 of the Companies Act 1985 to exercise for the period ending on the date of the next annual general meeting or on 2 September 1989, whichever is the earlier, all the powers of the Company to allot and make offers or agreements to allot relevant securities up to an aggregate nominal amount of £23,901,298 provided that equity securities allotted or offered or agreed to be allotted wholly for cash otherwise than in connection with a rights issue shall not exceed an aggregate nominal amount of £3,585,743.

and

(b) empowered to allot and to make offers or agreements to allot equity securities pursuant to and during the period of the said authority as if Section 89(1) of the said Act did not apply to any such allotment.

For the purposes of this resolution:

(i) 'rights issue' means an offer of securities open for acceptance for a period fixed by the directors to holders of ordinary shares (and accumulating ordinary shares, if any), on the register on a record date fixed by the directors in proportion to such holders' then holdings of such shares but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of any territory or the requirements of any regulatory body; and

(ii) words and expressions defined in or for the purposes of Part IV of the Companies Act 1985 bear the same meaning.

2 To consider and, if thought fit, pass the following resolution which will be proposed as a special resolution, namely that:

the directors having resolved, in accordance with Article 3.3 (3) of the Company's Articles of Association, to convert the whole of the Accumulating Ordinary Shares (being less than 5 per cent of the number of the Ordinary Shares in issue) into Ordinary Shares with effect from 1 July 1988:

(a) with effect from that date (but subject to the passing of the extraordinary resolution set out in the notice of the meeting of holders of $9\frac{1}{2}$ per cent convertible unsecured loan stock 1995/2000 of the Company dated 5 May 1988) the Articles of Association of the Company be amended to the form of the printed document submitted to the meeting and signed for the purpose of identification by the Chairman and accordingly that the additional Accumulating Ordinary Shares falling to be allotted to holders of Accumulating Ordinary Shares on that date shall, upon allotment, stand converted into Ordinary Shares; and

(b) approval be and is hereby (but subject as aforesaid) given for the Board to determine and announce the ordinary shareholders other than holders of Share Warrants will be entitled to elect to receive an allotment of additional Ordinary Shares credited as fully paid in lieu of any dividend (or any part thereof) declared or proposed at any time after the date of the passing of this resolution and prior to or on the date of the next annual general meeting of the Company.

3 To consider and, if thought fit, pass the following resolution which will be proposed as an ordinary resolution, namely that:

pursuant to article 78 of the Articles of Association of the Company, the aggregate ordinary remuneration of the directors shall remain at £110,000 per annum but that the ordinary remuneration of any one director shall not exceed £16,000 per annum.

Ordinary business
4 To re-elect directors
5 To re-appoint the auditors.

6 To consider the Company's accounts and the reports of the directors and auditors for the year ended 31 December 1987 and to declare a dividend on the ordinary shares.

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company. The instrument appointing a proxy, together with any power of attorney under which it is signed, should reach the Transfer Office of the Company, as shown in Note 3, not less than 48 hours before the time appointed for holding the meeting.

By order of the Board,
FS Wigley Secretary
6 St James's Square
London SW1Y 4LD
5 May 1988

NOTE
1 Only holders of the ordinary or accumulating ordinary shares or the 'B' cumulative preference shares are entitled to attend and vote at the meeting.
2 A proxy may not speak at the meeting except with permission of the Chairman of the meeting.
3 A holder of a share warrant to bearer, who desires either to attend the meeting or to appoint one or more proxies to attend, and on a poll, vote instead of him, will receive a ticket of admission on depositing at the Company's transfer office at 1 Redcliff Street, Bristol BS1 6NT, at least 48 hours before the meeting, a written request for the issue of the ticket (and, if desired, a form of proxy) together with either the share warrant or a certificate signed by a bank, stockbroker or solicitor within the UK, the Channel Islands or the Isle of Man stating that the share warrant is in the custody of such bank, stockbroker or solicitor and will be retained in such custody until after the close of the meeting. If the form of proxy is to be used, it must be completed and returned to the transfer office so as to be received at least 48 hours before the meeting.
4 *A copy of the proposed amended Articles of Association* will be available for inspection at the registered office of the Company and at the offices of Linklaters & Paines, Barrington House, 59-67 Gresham Street, London EC2V 7JA during usual business hours on any weekday *(Saturdays and public holidays* excepted) from the date of this notice until the date of the annual general meeting and at the Grosvenor House for at least 15 minutes prior to and during the meeting.
5 Copies of contracts of service of directors of the Company or of its UK subsidiaries will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturdays and public holidays excepted) from the date of this notice until the date of the annual general meeting and at the Grosvenor House for at least 15 minutes prior to and during the meeting.
6 Shareholders are reminded that cameras and tape-recorders are not allowed in the meeting hall.

FIVE ARROWS LIMITED

A DIVIDEND has been Declared of 6.0p per share payable to the holders of Ordinary Shares registered on 30th June, 1988 and to holders of *Coupon No.118 attached* to Ordinary Share Warrants to Bearer. The dividend will be paid on 4th July, 1988. Coupons must be lodged with Securities Department, Hill Samuel & Co Limited, 45 Beech Street, London EC2P 2LX, where listing forms can be obtained.

By Order of the Board of Directors
K.E.Scoon,
Secretary.

Fairfax House,
Fulwood Place,
Gray's Inn,
London WC1V 6UB.

CYDSA S.A.
FLOATING RATE NOTES
DUE 1988-1991

NOTICE IS HEREBY GIVEN that for the Interest Period commencing 9th May 1988, the Notes will bear interest at the rate of 9⅛% per annum. The interest payable on 8th August 1988 against coupon No. 15 will be US$201.83 per US$8,750 Nominal.

Agent Bank
ORION ROYAL BANK LIMITED

NOTICE TO BOND HOLDERS
CITY OF COPENHAGEN
30,000,000 European Units Of Account 7% 1978/1993 Bonds

Pursuant to the provisions of the Purchase Fund, notice is hereby given to Bondholders that nominal UA 357,000 have been purchased for the Purchase Fund during the twelve-month period from May 2, 1987 to May 1, 1988.
Amount outstanding: UA 18,133,000

Luxembourg, May 6, 1988

The Fiscal Agent
KREDIETBANK
S.A. LUXEMBOURGEOISE

NOTICE TO THE HOLDERS OF BONDS OF THE ISSUE
9% 1977/1989
OF US$ 50.000.000,-
MADE BY THE EUROPEAN COAL AND STEEL COMMUNITY

The Commission of the European Communities announces that the annual instalment of bonds amounting to US$ 1.750 000.- has been purchased for redemption on June 15, 1988.
Amount in circulation after June 15, 1988: US$ 30.750.000.-

BANQUE PARIBAS (LUXEMBOURG) S.A.

Publication date
May 06, 1988

LIBRA BANK PLC
(Incorporated in England with limited liability)
US$100,000,000
Subordinated Floating Rate Notes due 1995

Notice is hereby given that the Interest Rate on the Notes for the period 6th May 1988 to 7th November, 1988 is 7¾% per annum. On 7th November, 1988 the Coupon Amount will be US$ 396.25 per US$ 10,000.00 Note and US$ 3,962.54 per US$ 100,000.00 Note.

Banque Paribas, London Branch
Agent Bank

Public Notices

IN THE MATTER of
GARROD & LOFTHOUSE LIMITED
AND
IN THE MATTER of THE INSOLVENCY ACT 1986

Notice is hereby given that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 18th day of July, 1988, to send in their full Christain and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Brian Mills Of Booth, White & Co, of 1 Wardrobe Place, Carter Lane, St Pauls, London EC4V 5AJ the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 25th day of April, 1988

IN THE MATTER OF
CRAWLEY OFFSET LIMITED
AND
IN THE MATTER of THE COMPANIES ACT 1948

Notice is hereby given that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 18th day of JULY, 1988, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Brian Mills, Booth, White & Co of 1 Wardrobe Place, Carter Lane, St Pauls, London EC4V 5AJ the Liquidator of the said Company, and if so required by notice in writing fro the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 25th day of April 1988

Legal Notices

IN THE COURT OF JUSTICE
NO.002278 OF 1988
CHANCERY DIVISION

IN THE MATTER OF:
BPP HOLDINGS plc
AND
IN THE MATTER OF:
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 15th April 1988 presented to Her Majesty's High Court of Justice for the confirmation of the cancellation of the Share Premium Account of the above named Company standing in the sum of £1,842,305.13.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr Justice Warner at the Royal Courts of Justice, Strand, London WC2A 2LL on Monday the 23rd day of May 1988.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an order of the confirmation of the said cancellation of the Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the under mentioned Solicitors on payment of the regulated charge for the same.

Dated this 29th day of April 1988

Davies Arnold & Cooper,
12 Bridewell Place,
London
EC4V 6AD

Tel: 01-353-6555
Ref: 80/717858
Solicitors for the above named Company

Contracts & Tenders

HUMBERSIDE COUNTY COUNCIL ADDITIONAL VOLUNTARY CONTRIBUTIONS

(In-house scheme arrangement)

The Humberside County Council is to introduce an AVC facility for members participating in the Local Government Superannuation Scheme.

Applications are invited from institutions providing AVC facilities. (It is not the intention to consider proposals from agents and intermediaries).

If you are interested, please contact Mr Stonehouse on Ext 3232 telephone 0482 867131 or write to Director Finance, Humberside County Council, PO Box 13, County Hall, Beverley HU17 9AB. Applications should be made by 18 May 1988.

NORWEGIAN INDUSTRY

Karen Fossli examines a Norwegian company's preparations for 1992

Aker Norcem builds for the future

A NEW sense of realism is emerging among Norwegian companies faced by the prospect of being shut out of the European Community's internal market in 1992.

Aker Norcem, one of Norway's largest industrial groups, is a case in point. Mr Gerhard Heiberg, the group's pragmatic president, is among a growing number corporate chiefs advocating early Norwegian membership of the EC.

For Aker Norcem, heavily involved in the cement and building materials, real estate and offshore industry businesses, one way to prepare for the new market is to acquire stakes in EC-based companies. Another way is to grab as many stakes in companies outside the Community for the purpose of alternative strategic positioning.

The company also has plans to seek a listing on the London Stock Exchange by the middle of next year.

After Mr Heiberg announced his most recent acquisition – the purchase, in conjunction with Euroc of Sweden, of Castle Cement, Britain's second largest cement company – there was a sense of urgency in his voice when he said: "We've got to get a foothold in the UK. It's a good reason to seek a share listing."

The most important issues for Norwegian industry are the increasing competition it will face and the realisation that it cannot base its future solely on producing and selling for domestic markets.

Mr Heiberg says: "What is happening in the EC – the establishment of the internal market – will affect Norwegian industry, so we must position ourselves now to meet that challenge."

The Aker Norcem group has a total of about 18,000 employees. Before their merger in 1985, Aker had a workforce of 5,407 and Norcem had 4,981 employees.

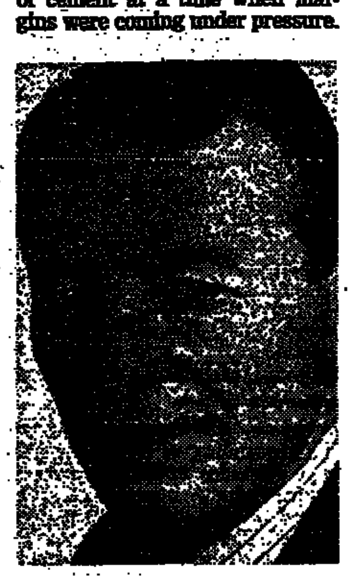
Group turnover in 1987 reached NKr13bn ($2.1bn). This year, Mr Heiberg projects, the figure will reach NKr15.3bn.

The cement and building materials side of the business is represented in the US, Scandinavia, the UK, Spain, the Middle East and Africa. The sector's turnover for 1988 is expected to be NKr3.8bn, or about 25 per cent of total group turnover.

Of this total, the Scandinavian cement businesses are projected to account for NKr1.8bn, excluding building materials.

The acquisition for £230m ($427.8m) of Rio Tinto Zinc's Castle Cement was made by the Euroc and Aker Norcem Swedish-Norwegian joint venture in March. This brought group cement production capacity up to 19.9m tonnes.

Plans are to open a London office to market products in Europe and to sell offshore equipment to the UK oil industry. However, some analysts say the deal was more beneficial to RTZ, allowing the company to get out of cement at a time when margins were coming under pressure.



Gerhard Heiberg: wants a share listing in London

Mr Heiberg argues, however: "While demand for cement is dropping in certain parts of Europe, particularly in West Germany, the UK market is still growing. We will feel secure there for the years ahead."

The addition of 3.7m tonnes of annual capacity from Castle makes Aker Norcem/Euroc the fourth largest international cement manufacturer based in Western Europe.

However, Aker Norcem's critics at home are sceptical about Mr Heiberg's expansion strategy.

The group has become heavily dependent on the offshore oil and gas industry, which is experiencing a downturn. While the offshore part of the business has been particularly successful at home during the build-up phase of Norway's oil and gas market, it has yet to make an international breakthrough. In addition, Norway's oil and gas industry has begun winding down.

Aker Norcem has also caused disquiet among analysts by a rapid build-up of its property business. Mr Heiberg argues that the company's property holdings are in prime locations which offer the prospect of revenue gains after they are developed and sold.

"We can see the danger in holding so much property. But on the other hand we see the possibilities which these holdings could bring," he says.

As for the oil sector, Mr Heiberg is pinning his hopes on branching out internationally. This will be no easy feat. As the brakes in the oil industry have been applied, world oil market sectors have become increasingly protective of their domestic contractors and suppliers.

"The offshore sector represents about 41 per cent of total group turnover. Turnover for this area of business is estimated to be NKr6.4bn for 1988. On the property side, one project, in Oslo, will have taken an investment of more than NKr3bn by 1992."

Mr Heiberg adds: "We have contemplated our internationalisation strategy for a long time. Before we set out to expand it was important for us to define which of our products could successfully be introduced into which markets.

"We concluded that the products and services which we know most about internationally are the cement and offshore oil and gas sectors. We have used these sectors as spearheads to gain footholds in the Common Market and the US."

To this end, the group had made some bold moves on the cement side in the US and the UK. "It is from this base that we have further plans to expand into the EC and US with other building material products and by offering our service expertise to the offshore oil and gas industry," Mr Heiberg says. "Until now we have kept a very low profile, but the time has come for us to establish our name."

He says he has avoided outright acquisitions to preserve the financial strength of Aker Norcem. However, at the end of last year he acquired Norwegian Contractors (NC), the engineering and construction company which achieved domestic success in building concrete platforms for offshore oil and gas fields.

Since its purchase, NC has become a part of the group's large construction business sector and is to be called Aker Contractors. The company is contemplating moving its construction facilities outside Norway, claiming that domestic labour restrictions are preventing it from staying competitive.

It recently lost a large contract to its only domestic competitor, and it now faces the prospect of becoming a land-based civil engineering and construction group.

Apart from building a few concrete platforms for oil field developments in the UK, NC never quite made a breakthrough in markets outside of Norway. However, it has high hopes of supplying a big offshore concrete platform to Canada.

"The group must solidify its corporate structure and organisation," Mr Heiberg says. "We have to strike the right balance between making profits in the individual companies while keeping our long-range view."

And a long-range view is what analysts are taking in their assessment that Aker Norcem might have to sell out of oil should the market remain flat.

The group currently owns a 20 per cent stake in Saga Petroleum, Norway's only private oil company. Although there are no firm plans either to pull out of Saga or merge with it, Mr Heiberg says that Aker Norcem will, in the long run, have to make a decision about its position.

"Our position in Saga is a strategic gamble," he says. "If we believe that future oil prices will remain low we will have to sell out. On the other hand, if we believe that oil prices will firm to high levels then maybe we will have to approach Saga about a merger. We have had discussions with Saga about this but no decision is imminent."

The future of Saga Petroleum is somewhat uncertain. If it does not win approval from Norwegian authorities to develop a newly discovered oil field, it may be reduced to a mere financial holding company.

This would mean cutting its staff by half, but, more importantly, it would mean a significant reduction in its value.

One Oslo analyst believes that if Mr Heiberg is faced with a choice between the oil and cement sectors there would be no question about which business he would shed. "Gerhard Heiberg is basically a cement man – if he has to, he will sell out of non-concrete activities."

But for Mr Heiberg the important issue at hand is that of preparing for the widening of the EC's internal market. "I hope that by the early 1990s Norway will be able to apply for EC membership," he says.

THE INFORMATION EDGE

INSURANCE companies the world over are discovering that their traditional ways are no bulwark against the forces for change generated by competition, deregulation and technology. Customers have become alarmingly sophisticated about the return they expect on their money and their loyalty can no longer be taken for granted.

Those insurers wishing to remain major players have had to take tough strategic decisions. Some have elected to concentrate on their core business. Others have chosen to diversify out of the traditional insurance area. And some of the more adventurous are finding that information technology, imaginatively used, can be a powerful ally in their efforts to cope with the volatility which has shaken their industry over the past decade.

The New England, of Boston, Massachusetts, has taken both the diversification and technology routes. Its decision to become a broadly-based financial services company was taken in 1982 and followed its move into mutual funds in 1978, a lonely move which at the time earned it a reputation as a maverick in the US insurance business.

Ten years on, some 80 per cent of its business is still tied to the sale of life insurance in various forms but the remaining 20 per cent comes from non-insurance products such as tax shelters and mutual funds. It now describes itself to its customers as "Your financial partner".

The New England's change of direction has prompted it to experiment with and adopt a technology which puts computer workstations on the desks of its senior managers with the intention of giving them easy, fast and accurate access to the company's key business information.

It has been a controversial experiment. Computing for top management has seen many false dawns. John Rockart and Michael Treacy of the Sloane School of Management documented some pioneering efforts in the Harvard Business Review in 1982 ("The CEO Goes On-line"), but senior executives have in general shown little interest in tinkering with computers, preferring to leave the collection and sifting of information to their subordinates.

Rockart today reckons that only about 10 per cent of large US companies have senior managers with direct access to computer workstations.

So The New England is very much a pioneer in the use of these "executive support systems" (see adjoining panel). What were the factors underlying its decision to commit senior management time and energy to such an innovation when the company was simultaneously going through a traumatic change in its pattern of business?

Chiefly, it was a powerful need to sharpen its competitive edge. Now over 150 years old, The New England was the first mutual life insurance company in the US – that is, it is owned by its policyholders and its shares are not traded on US stock markets. It is in the top 20 US insurance companies with $2.7bn of premium income in 1986. Its traditional customers – affluent householders and small businesses – are served through some 3,600 agents across the US, and a master network of general agents in 100 separate locations.

As its diversification programme proceeded it brought in new products and services – tax shelters, a discount brokerage, even health care for its householders, pension plans and employment benefits packages for its small businesses. Its agents, however, were finding their customers had needs they were not able to meet: "We were leaving the door open for competitors to come in," says Vince Ficcaglia, vice president in charge of individual operations.

And competition was hotting up as banks like Citibank, retailers like Sears Roebuck ("a formidable player", according to Ficcaglia) and new financial services companies like Integrated Resources Inc began to invade the traditional insurance market.

Precision required

To maintain and improve its competitiveness, The New England had to tune its range of financial products – many of them new to the company and bought in from outside suppliers – to the needs of its customers with a precision which it had not required in easier times.

Fine-tuning on that scale demands a wealth of information about customers, competitors and the company's own performance. In particular, The New England needed better, quicker intelligence about the performance of the 100 or so general agencies on which it depended.

This provided the rationale for the experiment. Providing senior management with a computerised system for monitoring the general agencies was a task that could be managed comparatively easily. But it was critical enough to the success of the company to serve as a real test of the system.

And all the information needed for the experiment already existed. Over the years, The New England's data processing centre had accumulated and was continuing to accumulate all the data it could ever want. "We are awash with data," says Ficcaglia.

The problem was turning all that data into concise, up-to-date information that could be used on a day-to-day basis by the company's senior executives.

The need had been recognised for at least five years. At that time executive support systems were primitive. Now, however, "technology has come to our rescue," Ficcaglia says.

The executive support system the company opted for is called "Commander EIS" from Comshare, a US-based computer services company which has made a speciality over the past few years of developing office automation for senior executives.

The decision was made simpler by the fact that The New England already used business modelling software from Comshare called System W, a product developed by the US company's UK subsidiary.

System W is, in management jargon, a "decision support system" (DSS), a tool designed to improve the quality of information so that managers can make better decisions.

Essentially, tools such as System W are necessary because of the unco-ordinated fashion in which business data processing has developed in most large companies.

Most companies have vast amounts of data stored in a variety of separate and largely incompatible systems, making the extraction of easily understood information a labour intensive and time-consuming business.

The New England's crucial business data, for example, is stored in no less than 12 separate computer systems. "We knew the information we needed was in there somewhere," says Ficcaglia, "but running it down might take two months, by which time it would be out of date."

System W automatically pulls together relevant information from those disparate sources. Comshare president Richard Crandall reckons a DSS like System W can reduce the volume of data which has to be manually analysed for any particular business decision by a factor of 100:1. Fine for management information department staff, but no use for busy executives.

Commander EIS in combination with System W, he says, can reduce the volume by 100,000:1, giving managers access through their screens to a series of simple graphs, tables or charts, updated regularly and automatically, which tell the company story vividly and economically.

Now The New England is technologically competent. It has a strong data processing department, IBM mainframes and 2000 personal computers scattered through the organisation. But as Ficcaglia points out, its managers needed more information in a more timely and useful fashion and its existing systems were simply not designed to do that job.

Measuring the effectiveness

It could have modified them but the penalties in time and cost would have been considerable; as it was, the first phase of Commander EIS was installed and running last year after only six months at a cost of about $100,000.

How successful has it been? Measuring the effectiveness of information technology is notoriously difficult, but Ficcaglia, whose job it was to see that the Comshare system met his managers' requirements, argues that senior executives are using the terminals daily and that their understanding of how their general agencies operate has much improved: "A number of agencies," he says darkly, "have been closed down and replaced. We have seen an amazing change in the behaviour of the agencies now they know we are monitoring them."

And he says there is now a "monster demand" in the company for terminals from managers impressed by what they have seen of the general agency project.

His immediate boss and one of The New England's four top executives, Robert Shafto, agrees, arguing that the advantage comes in being able to see a number of different dimensions at once and the way they change with time.

"Before, I had only a gut feel from talking to people that the trends were there, but now with the graphs I can verify what is actually happening and communicate this to other officers of the company."

But as the experts agree, some executives' styles of working are not suited to automation. Alone among his senior managers, Edward Philips, chairman and chief executive officer of The New England, has no terminal on his desk and no plans to instal one. "I don't think," one of his colleagues says, "that I will ever see Ted touch a keyboard."

The New England's strategic manoeuvre

Desk-tops for top desks

Alan Cane continues his series by explaining how the US insurance company brought the capacity for improved decision-making to its senior managers

EXECUTIVE support or information systems (EIS) are the logical conclusion of a process which started with the realisation that computers could not only process a firm's data, but provide its managers with the information they needed to run the business.

The stumbling block has been the computer systems themselves. Mainframe computer installations were never designed to allow senior executives to have very easy access to the information held in their memories.

Writing programs to extract that information was the job of the computer specialist. As recently as five years ago, the technology was simply not up to the job of siphoning off critical information from the millions of bytes of data every company accumulates to give a clear, simple picture of its business position.

Robert Bittlestone of Metapraxis, a UK-based supplier of EIS software puts it simply: "Until about 1985, writing EIS software internally was a necessity. The task was forbidding. An EIS is a very complex piece of software and its development can take many man years of effort."

Now there are three principal proprietary executive support systems, Pilot Executive Software from the US company Pilot, Commander EIS from Comshare, another US company, and Resolve Metapraxis.

The aim of each is the same – to present company information in a simple, attractive format leaning heavily on graphics which can also allow an executive to look behind a graph or chart to tease out the significance of the numbers on which it is based.

The three companies have distinctly different technological approaches.

Pilot extracts information from a company's general ledger system and other sources and stores it in a large minicomputer. Comshare's Commander EIS is purely and simply an elaborate display system, taking information from System W, the Comshare financial modelling tool, and displaying it in a variety of formats. Both run on a company's mainframe computer.

Metapraxis' Resolve software extracts the key information from a firm's data and stores it on the hard disk of a powerful personal computer.

The use of EIS, whether proprietary or custom built, is growing, especially among the larger corporations. The day of the company data book in paper form may be numbered.

Robert Shafto (left) and Vince Ficcaglia: The New England needed better, quicker intelligence

Business courses

Treasury Management, London. June 7-8. Fee: £400. Details from Nigel Meade, School of Management, Imperial College of Science and Technology, Exhibition Road, London SW7 2PG. Tel: 01-589 5111, ext 7123.

How to conduct effective process capability studies, Berks. June 28-29. Fee: £375 + VAT. Details from the conference manager, David Hutchins Associates, 13/14 Hermitage Parade, High Street, Ascot, Berks, SL5 7HE. Tel: 0990 28712. Fax 0990 25968. Telex: 847738 DHAQICF G.

Getting value for money from the IT investment, London. June 22. Fee: £245 + VAT. Details from Ms Majabeen Shah, Nolan, Norton & Co, One Lumley Street, London W1Y 1TW. Tel: 01-493 7282.

New methodologies in test marketing, Amsterdam. June 1-3. Fee: ESOMAR members Sw Frs 1,005. Non-members SFrs 1,195. Details from ESOMAR Central Secretariat, J.J. Viottastraat 29, 1071 Amsterdam, The Netherlands. Tel: +31/20/64.21.41. Telex: 18535 esmar nl. Fax: +31/20/664.29.22.

Global transformation, Sweden. June 27-30. Fee: SKr 10,000. Family members SKr 2,700. Details from SAS Business Consultants, SAS, STOAC, 161 87 Bromma, Sweden. Tel: 46-8-276691.

Latest developments in insolvency law and its implications for exporters and importers, London. June 16. Fee: £241.50. Details from Legal Studies & Services, IBC House, Canada Road, Byfleet, Surrey KT14 7JL. Tel: 09323 55244. Telex: 888870. Fax: 01-488 0849.

Effective computer marketing, London. June 2-3. Fee: £475 + VAT for the first delegate; £430 + VAT for additional delegates. Details from the Infomatics Resource Centre, 2 The Chapel, Royal Victoria Patriotic Building, Fitzhugh Grove, Trinity Road, London SW18 3SX. Tel: 01-871 2546. Telex: 299180 MONINT G. Fax: 01-871 3866.

International treasury management, Cannes. June 22-24. Fee: Non-members BFr 73,000; Members (AMA/I) BFr 65,700. Details from Customer Service Department, Management Centre Europe, Postbus 95, NL-3417, ZH Montfoort, The Netherlands. Telefax: (Belgium) 32/2/513.71.08. Telex: (Belgium) 21917 mce b; 61748 mce b.

Product liability, Windsor. June 23. Fee: £175 + VAT. Details from David Hutchins Associates, 13/14 Hermitage Parade, High Street, Ascot, Berkshire SL5 7HE. Tel: 0990 28712. Fax: 0990 25968. Telex: 847738 DHAQIC G.

Arts Week

F	S	Su	M	Tu	W	Th
6	7	8	9	10	11	12

Exhibitions

LONDON

The Royal Academy: Cezanne, The Early Years 1859-72. A concentrated and illuminating study of the formative period of one of the greatest artists of the 19th century, who was also one of the great seminal figures of the modern movement. Though he came to his greatness in his middle and later years, his early period is now revealed in all its complexity and contradictory quality, with many great works to set among the youthful experiments and failures. Ends August 21.

WEST GERMANY

Berlin, Martin-Gropius Bau. The first complete show of Joseph Beuys' (1921-1986) works ever presented in Berlin. There are about 150 room-sculptures and objects and about 456 *paintings from the end of the* 1940s to the end of the 1960s based on a cycle. The Secret Block for a Secret Person in Ireland. The sculptures are an echo of real life and the artist's memories. Stresemannstrasse 110: Ends May 1.

Bottrop, Joseph Albers Museum, Im Stadtgarten 20. To commemorate the 100th anniversary of Josef Albers' birth, 100 paintings of the artist, born in Bottrop, cover the full range of his work. Ends May 5.

AMSTERDAM

Tropenmuseum. The arts and crafts of Indonesia, illustrated with more than 500 objects in bronze, bamboo, textiles and precious metals spanning 2,000 years of cultural history. Ends August 21.

Rijksmuseum. Two hundred of the printroom's finest 15th and 16th century ornamental prints, with designs for jewellry, weapons and furniture. Ends June 19.

Rotterdam, Boymans-van Beuningen Museum. The textiles of Norlene and the glass artistry of Lino Tagliapietra inspired By the Light of the Lagoon and the tradition of Venetian craftsmanship. Ends May 23.

The Hague, Gemeentemuseum. A lavish exhibition tracing Mondrian's development from figuration to abstraction, together with 70 paintings from the late New York period, on loan from the Sidney Janis collection. Ends May 29.

PARIS

Musée d'Orsay. Van Gogh in Paris. To mark the centenary of Van Gogh's two-year stay in Paris, a period which proved a turning point in his artistic development, the Musée d'Orsay has assembled more than 50 of his paintings and a dozen of his drawings from national and private collections. By hanging landscapes and still life by Monet, Anquetin, Renoir, Toulouse-Lautrec and Signac next to Van Gogh's work, the exhibition brings out their influence on the transformation of the Dutch artist's traditionally sombre colours into a soft, impressionist palette underlined by contrasts of blues and oranges, reds and greens. Yet in *spite of the revelation of his affini*ties with impressionism and post-impressionism structured by a strong dose of japanism, Van Gogh used both the techniques in his search for his own, profoundly personal art expressed dramatically in his self-portraits. (45 49 48 14). Closed Mon. Ends May 15.

Centre Georges Pompidou. Le Dernier Picasso 1953-1973. By placing the last 20 years of Picasso's work in the context of contemporary art, the 95 paintings, 34 drawings and 70 engravings exhibited permit a fresh approach to the controversy caused by contradictory judgements on the ageing painter's feverish creativity. Absorbed at first by paraphrasing Delacroix, Velasquez, Manet and David, his fantasies and obsessions turned to the painter and his model and finally to the basic themes of the archetypical woman, the couple, the man. (42 77 12 33), Closed Tue, *Ends May 16.*

Centre Georges Pompidou. Marc Chagall. Forty-six paintings, 406 drawings and gouaches and nearly all the illustrated books which have been given to the French state in *lieu of death* duties constitute a unique retrospective of Chagall's life and work. From his beginnings in Russia to his last years in the South of France, aloof from the many avant-garde movements of his time, he remained the painter of poetry, dreams and mysticism. (42 77 12 33) Closed Tue. Ends June 5.

Petit Palais. Winterhalter and European Courts from 1830-1870. A retrospective of the painter of graceful feminine beauty around the thrones of France, England and Belgium. (42 65 12 73). Closed Mon, Ends May 7.

Grand Palais. Degas. An important retrospective of 275 works covers 60 years of the artist's career from his student beginnings in Italy to the rich maturity of his last years. His favourite themes of ballet dancers and of jockeys and race courses, of washerwomen, milliners and bathers show the diversity of his inspiration echoed by the variety of his modes of expression. Oils and pastels, drawings and engravings, photographs and sculpture complete the vision of invention. (42 56 09 24). Ends May 16, Closed Tue.

VIENNA

Austrian Museum of Applied Arts, The Kunst und Revolution. A rare opportunity to see Russian and Soviet art from 1910-1932 under one roof. There are marvellous paintings by Kazimir Malevich, Wassily Kandinsky and Alexander Rodtschenko as well as a fine collection of pre and post-1917 posters. It conveys the creativity and energy, expressed in the suprematist movement (1913-1915), the Inchuk group of artists based in Moscow (1920-1924) and the constructivists (early 1920s) – movements suppressed by Stalin *in the late 1920s. Ends May 15*

Kunstlerhaus. After the highly successful Dream and Reality exhibition which looked at fin-de-siècle in Vienna, the Austrians have gone back to the Biedermeier period *(1815-1848). This large exhibition is* suitably called The Middle-class Mentality and the Spirit of Revolt: Biedermeier and pre-March in Vienna. Probably the term revolt is a bit of misnomer. Unlike other *European countries, the Austrians* never had their great revolution. Ends June 12.

Secession. It is worth seeing how this building has been restored and the small but fine exhibition of lithographs and drawings by George Eisler, one of the few artists who returned to Austria after 1945. The collection focuses on Eisler's book illustrations. Ends May 15.

Rathaus. Vienna City Hall is commemorating the Anschluss, the German annexation of Austria in 1938 by a large and courageous exhibition showing how Austrians reacted to Hitler's march into Vienna and the eclipse and eventual destruction of the Jewish culture. Ends June 30.

Kunstraum, Messepalast. Alfred Hrdlicka, Austria's leading sculptor, celebrates his 60th birthday with an exhibition of his work, all carved in stone. Hrdlicka is an inspiring and energetic artist who shows no signs of retiring. Ends May 29.

Historisches Museum, Karlsplatz. The cultural legacy of Vienna's jews which has been preserved by Max Berger, makes up this large exhibition which conveys the sense of loss as much as the community's artistic richness.

NEW YORK

American Craft Museum: an ambitious show that traces the history of *American architecture back to the* turn of the century emphasises the work of artists like Tiffany, Lawrie and Louise Nevelson who were commissioned to add art to the architecture. Ends Sept 4.

Pierpont Morgan Library: More than 300 items from the life and art of Beatrix Potter show the evolution of the artist and her work. Included are the illustrated letter, discovered only months ago, to Noel Moore *that became the basis of Peter Rab*bit and the entire sequence of 22 watercolours from The Tailor of Gloucester lent by the Tate Gallery. Ends Aug. 21

WASHINGTON

National Gallery. The human figure in early Greek art is the subject of 67 sculptures and painted pottery starting in the 9th and 8th centuries BC with silhouetted stick figures and ending with the naturalism perfected in the 5th century BC. Ends June 12.

National Gallery. To mark the 350th anniversary of the first Swedish colony in North America, a royal treasury covering four Swedish monarchs in the 16th and 17th centuries will show Sweden as a resplendent and aggressive world power through objects and 100 paintings on loan from the Royal Treasury, the *national museum and the royal col*lections. East Wing. Ends Sept 5.

CHICAGO

Art Institute. A centenary retrospective of the work of Georgia O'Keefe evokes the world of flowers and skulls in the luminous light of New Mexico. Ends June 26.

TOKYO

Tokyo Metropolitan Art Museum, Ueno. "Japan in the 1920s". More than 400 works (paintings, photographs, architectural designs, stage sets) tracing cultural and artistic developments in and around the seminal decade when Japan first emerged as an industrial giant. Closed Mondays. Ends June 5.

Ota Memorial Museum, Harajuku. A peaceful haven amid the hustle and bustle of one of Tokyo's trendiest districts. This month: a representa*tive selection of woodblock prints* by everyone's favourite Japanese artist, Hokusai. On loan from the Peter Morse collection in the US. Closed Mondays. Ends May 29.

Laforet Museum. Crafts from India. *Textiles, sculpture and other craf*twork, mainly from the colourful states of Gujerat and Rajhastan. 10 master artisans from these states will be giving demonstrations of their work and the works are for *sale (at a separate location).* Ends May 1.

Tokyo, National Museum, Ueno. Art Treasures of Ancient Egypt. The formal, hieratic art of Egypt is not to everyone's taste, and works often appeal more for their associations with the cult of death or for their lavish use of gold and other precious materials. This exhibition gathers important pieces from collections in East Germany. Closed Mondays. Ends June 12.

Tokyo Metropolitan Art Museum, Ueno. Japan in the 1920s. More than 400 works (paintings, photographs, architectural designs, stage sets) tracing cultural and artistic developments in and around the seminal decade when Japan first emerged as an industrial giant. Closed Mon. Ends June 5

Teien Museum, Meguro. Art Deco Glass by Rene Lalique. This former imperial residence has one of the finest Art Deco interiors in the world. Among its many treasures is a set of glass doors with relief figures of winged goddesses, designed and made by the master of Art Deco glass, Rene Lalique (1860-1945). The current exhibition is a perfect match. It consists of some 200 examples of Lalique's work, from private collections in Japan and overseas. The quality is uneven, with the notable exception of pieces loaned *by Lalique's grand-daughter, but the* setting is unparalleled. Closed April 27. Ends May 29.

Seibu Yurakucho. Indian Court Costumes. Described by one New York reviewer as "by far the most dazzling, opulent and beautiful show mounted in recent years." Costumes from the collections of 12 former princely states. Ends May 10.

Goto Art Museum. Tale of Genji Scroll. Don't miss this rare opportunity to see one of Japan's major art treasures: four illustrations from a 12th century copy of the "Tale of Genji". Because of their fragility these delicately beautiful works are put on display for only one week a year. The Goto Museum is one of Tokyo's major private art galleries and the exhibitions, selected from an extensive collection of Chinese and Japanese art, rotate every two months or so. There is also a beautiful unkempt garden. Closed Mondays. Ends May 8.

Ota Memorial Museum, Harajuku. A peaceful haven amidst the hustle and bustle of one of Tokyo's trendiest districts. This month and next: a representative selection of woodblock prints by everyone's favourite Japanese artist, Hokusai. On loan from the Peter Morse collection in the US. Closed Mondays. Ends May 29.

ITALY

Venice: Palazzo Grassi. The Phoenicians: The fourth major exhibition at Fiat's imposing arts' centre on the Grand Canal attemps to give a *complete picture of this extraordi*nary people, about whom few know much, who dominated trade in the Mediterranean for more than 1,000 years before their capital, Carthage, was finally destroyed by the Romans in 146 BC. Organised by Professor Sabatino Moscati and sponsored by the Accademia dei Lincei in Rome, the exhibition has been given a highly theatrical presentation by the architect Gae Aulenti. Sarcophaghi project at odd angles from a pile of pink sand on the ground floor of the Palazzo: in an upstairs room, model ships stand immobile in a rippling artificial lake, and a huge polystyrene wave engulfs a Phoenician wreck. Not particularly legible "graffiti" run across the walls; comments on the Phoenicians by contemporaries and later writers. Many of the 1,200 objects displayed (gold and silver jewellery, statues and reliefs in terracotta, bronze and ivory) are extraordinarily beautiful, and the 750-page catalogue is excellent. (Until Nov 6).

Venice, Fondazione Cini (Isola di S. Giorgio): Paolo Veronese. An intelligenly presented exhibition to mark the fourth centenary of his death, two thirds of which is devoted to his preparatory studies for his major works in Venice. The last few rooms contain 22 paintings, including several masterpieces lent by American and European Museums. Until July 10.

Opera and Ballet

LONDON

Royal Opera: Covent Garden: the eagerly-awaited new production of Tippett's The Knot Garden by Nicholas Hytner has Sian Edwards (house debut) as conductor; the cast includes Anne Howells, Eilene Cannan, Alan Opie, Rodney Macann, and Christopher Gillett. (240 1066)

English National Opera: Coliseum: Nicholas Hytner, with one production at Covent Garden and two at the Coliseum, is the dominant figure in London opera at the moment. His highly praised 1985 staging of Handel's Xerxes returns with the original cast (including Ann Murray, Valerie Masterson, and Christopher Robson), and conductor (Charles Mackerras). Hytner's new Magic Flute production is funny, lively, vivid, and keenly paced; several cast changes include Nicholas Folwell taking over from John Rawnsley as Papageno. The other Mozart opera in repertory is Cosi fan tutte, produced by John Cox, with Felicity Lott and Della Jones as the sisters and Maldwyn Davies and Russell Smythe as their lovers.

Covent Garden: A mis-matched triple bill on Saturday from the Royal Ballet, who then revive Ashton's Ondine at a gala on Tuesday.

PARIS

Swan Lake: (Paris Opera) is followed by Faust conducted by Alain Lombard with Faust sun by Alberto Cupido/Jean Dupouy; Mephistopheles by Jose Van Dam/Jean-Philippe Courtis, and Marguerite by Gabriella Benackova/Michele Lagrange (47 42 53 71).

Carolyn Carlson: (Theatre de la Ville) *Dances in Dark, a premiere of a* phantasy on images of angels created by 10 dancers. (42 74 22 77).

BERLIN

Deutsche Oper: Salome in Wieland; Wagner's production will be conducted by Heinrich Hollreiser. Dmitri Shostakowitch's opera Lady Macbeth von Mzenk will have its premiere in Germany this week; the cast is led by Karan Armstrong, Kathryn Montgomery-Meissner, Dimiter Petkov and William Pell. Das Rheingold features Hanna Schwarz, Lucy Peacock, Simon Estes and Martti Salminen. Zar und Zimmermann rounds off the week.

HAMBURG

Staatsoper: Ballet offers a Nijinsky-Gala, Leading Lady; John Neumeier's Der Nussknacker; Illusionen - wie Schwanen-see, newly choreographed by John Neumeier, is based on the traditional version of Lew Iwanow and Marius Petipa.

Opera: Das schlane Füchslein has fine interpretations by Eva Tamassy and Roland Hermann. Carmen brings Victoria Vergara, Guiliano Ciannella, Harald Stamm and Teresa Ringholz together.

BONN

Opera: Die Meistersingers, produced by Jean-Claude Riber, was highly acclaimed when it opened. It has a strong cast, led by Bernd Weikl, including Lucy Peacock, William Murray, *Rene Kollo* alternating with Peter Hofmann, and is conducted by Peter Schneider.

STUTTGART

Württembergisches Staatstheater: Tannhäuser, produced by Juri Lubimov with sets by Paul Hernon, will have its premiere this week. The cast includes Verena Schweizer, Waltrand Meier, Matthias Hölle, Toni Kramer and Wolfgang Schöne. Der Liebestrank convinces thanks to Lucia Alberti. Jenufa features Grace Hoffmann, Eva Randova and Manfred Jung. Also Madame Butterfly and Tosca.

MUNICH

Bayerische Staatsoper: The Magic Flute is a well done repertoire performance with Helen Donath, Claes H Ahnsjö and Martti Salminen. Simon Boccanegra, sung in Italian, stars Carol Vaness, Piero Cappuccilli, Luis Lima and Kurt Moll. La Cenerentola in Jean Pierre-Ponnelle's production is steered to triumph by Agnes Baltsa in the title role.

WIESBADEN

May Festival: This year's festival has something for everybody. For ballet lovers *there is Adolf Adame's* Giselle and Schwanensee, presented by Leningrad's Kirov Theatre and Spanish dancing with Madrid's Ballet del Teatro Lirico. Admirers of Grand Opera can enjoy Verdi's Ein Maskenball and the modern opera Cristina, staged by the Stockholm Opera. Also drama, puppet shows, readings and divertissment are offered to June 2. (06151 132325)

MILAN

Teatro alla Scala: First performance of a new work by Karlheinz Stockhausen, Montag aus Licht (Sat) conducted by the composer and produced *by Michael Bogdanov,* with scenery designed by Chris Dyer and costumes by Mark Thompson (Repeats on Sun, Tues, Wed, Thurs) (80 91 26)

Teatro Lirico: The Scala Ballet Company in three works: Five Tangos by Hans Van Manen, with Ornella Costalonga and Biagio Tambone; Streams by Alvin Ailey, and Maurice Bejart's Boloro, with Luciana Savigno (Sat) (86 64 18)

REGGIO EMILIA

Teatro Romolo Valli: Rimsky-Korsakov's Tzar Saltan (sung in Russian), *conducted by Vladimir Fedosseev* and produced by Luca Ronconi (with sets by Gae Aulenti). The cast includes Nella Verri, Elizabeth Norberg Schulz, Aldo Bramante and Joseph Evans (Sat) (37878)

ROME

Teatro dell'Opera: Richard Strauss's Salome, produced and directed by Gustav Kuhn, with Elizabeth Glanser, Horst Hiestermann, Lis Freyrahi and Peter Weber (Sun, Wed) (46 17 55)

PALERMO

Teatro Massimo: Politeama Garibaldi: Gerswin's Porgy and Bess, produced by Jack O'Brien and designed by Douglas W Schmidt. The cast includes Robert Modley as Porgy, Henrietta Davis and Nammy Moody alternating in the part of Bess, and William Bradley-Johnson and Ivan Thomas alternating in the part of Crown. Chris Nance conducts (Fri, Sat, Sun) (58 43 34)

NAPLES

Teatro san Carlo: Rossini's Ermione (originally composed for this theatre, first performed here in March 1819) conducted by Gustav Kuhn and produced by Roberto de Simone, with scenery and costumes by Enrico Job. A splendid cast includes Montserrat Caballe, Kathleen Kuhlmann, Chris Merritt, Douglas Ahlstedt and Robert Gambill (Sat, Tues) (41 71 44)

FLORENCE

Teatro Communale: (51st Maggio Musicale): Jean-Pierre Ponnelle's producting *of Peter Grimes* by Benjamin Britten, sung in English with Italian subtitles and conducted by Spiros Argiris. Jacques Trussel sings the title role, with Pamela Coburn (Ellen Orford) and Thomas *Stewart (Balstrode).* (Fri, Sun) (277 9236)

AMSTERDAM

Muziektheater: The Nederlands Dans *Theater with* Shaker Loops (Van Manen/Adams), Synaphai (Duato/Xenakis/Vangelis) and Bolero (Duato/Ravel) (Tue, Thur) (25 54 55)

TOKYO

Les Ballets de Monte Carlo: With Muriel Maffre, Frederic Olivieri, Noella Pontois, Patrick Dupond. Programme includes scenes from Swan Lake, Prince Igor etc. Kan'i *Hoken Hall, Gotanda.* (407 8948)

Classical Dance of India: Fifty top dancers and musicians from all over the subcontinent. Showa Women's University *Hitomi Memorial* Hall, near Sangenjaya. (Thur)(560 0081)

NEW YORK

American Ballet Theatre: (Lincoln Center Opera House). Spring season highlights include the world premier of Mark Morris's Drink to Me Only With Thine Eyes, set to Virgil Thompson's score and Santo Loquesto's set, along with the new productions of Gaite Parisienne choreographed by Leonide Massine and Raymonda choreographed by Mikhail Baryshnikov after Pepita. (362 6000). Ends June 11.

WASHINGTON

Alvin Ailey American Dance Theatre: (Kennedy Center Opera House). Mixed programmes culminate in Revelations, the Ailey signature piece that epitomises the group's mix of spirituals, Broadway and high-stepping American enery. Ends May 15. (234 3770).

Music

LONDON

The Bach Choir: With the Philharmonia Orchestra. Conductor David Wilcocks with soloists Sheila Armstrong, Catherine Wyn-Rogers, Maldwyn Davies and Stephen Roberts: Playing Elgar's The Kingdom. Royal Festival Hall (Mon) (928 3191).

Lontano: Conducted by Odaline de la Martinez with Jane Manning, soprano, and Robert Dick, flutes: British premieres of works by William Kraft, Robert Dick and Martin Butler. Elizabeth Hall (Tue).

English Chamber Orchestra: Conductor Jeffrey Tate with André Watts on piano: Playing Schumann, Beethoven. Barbican Hall (Tue) (638 8891).

London Mozart Players: Conductor *Jane Glover with Luigi de Filippi,* violin and Jack Brymer on clarinet: Mozart programme. Barbican Hall (Wed).

Royal Philharmonic Orchestra: Conductor Yuri Temirkanov, Peter *Donohoe on piano: Rossini, Brahms,* Dvorak. Festival Hall (Thur).

Nouvel Orchestre Philharmonique de Radio France: Conductor Marek Janowski, Ann Murray mezzo-soprano: Berlioz, Saint-Saëns. Barbican *Hall (Thur).*

AMSTERDAM

Concertgebouw: The Netherlands Theatre Orchestra conducted by *Jules van Hessen, with soloists Jaap* van Zweden on violin, Ronald Brautigam on piano, and Thijs van Leer playing flute, presenter Adraan van Dis: Rossini, Vivaldi, Vaughan Williams, Tchaikovsky, Saint-Saëns (Mon). Hartmut *Haenchen* conducting the Netherlands Philharmonic with Hakon Austbö on piano and vocalists: Schönberg, Beethoven, Scriabin (Tue, Wed). Recital Hall: Norbert Brainin on violin, Martin *Lovett playing cello and Arnaldo* Cohen on the piano: Brahms, Mozart, Beethoven (Thur) (71 83 45).

UTRECHT

Vredenburg: Hartmut Haenchen conducting the Netherlands Philharmonic Orchestra with Hakon Austbö on piano, and vocalists: Schönberg, Beethoven, Scriabin (Mon). The Concertgebouw Orchestra under *Riccardo Chailly: Berio,* Bruckner (Wed) (31 45 44).

NIJMEGEN

Vereeniging: The Netherlands Chamber Choir under John Alldis: Eisler, Martin, Shostakovich (Wed) (22 11 00).

PARIS

Ensemble Intercontemporain: Conducted by Dennis Russel-Davies, Paul Sperry, Tenor: Allemagne 3 - Mauricio Kagel, Bruno Maderna, Arvo Paert (Mon), Georges Pompidou Centre, Grande Salle (42 77 12 33).

Edita Gruberova, Friedrich Haider: Piano, Dvorak, Brahms, Strauss (Mon) Théatre de l'Athénée (47 42 67 27).

Orchestre de Paris: Conducted by Daniel Barenboim: Wagner's Rheingold (Mon, Wed) Salle Pleyel (45 63 07 96).

Orchestre National d'Ile de France: Conducted by Eric Bergel: Mozart, Schönberg (Tue) Salle Pleyel) (45 63 07 96).

Catherine Collard: Piano recital (Tue) Salle Gaveau (45 63 20 30).

Ensemble 13: Conducted by Manfred Reichert: Allemagne 4 - Wolfgang Rihm (Wed) Georges Pompidou, Grande Salle (42 77 12 33).

Nouvel Orchestre Philharmonique: Conducted by Y Ahronovitch, Radio France Choir: Mussorgsky, Tchaikovsky, Borodine (Wed) Theatre des Champs Elysées.

Jorge Bolet: Piano, Mendelssohn, Beethoven, Franck, Liszt (Thur) Salle Pleyel (45 63 07 96).

ROME

Teatro Brancaccio (via Merulana 244): Teatro dell'Opera. Orchestra conducted by Ernesto Zanoni playing Debussy's Danze Sacre e Profane for *harp and strings,* and Respighi's Concerto a Cinque (Sun, 11 am) (46 17 55).

Auditorium in via della Conciliazione: Heinz Hollinger (oboe), Helmar Schmid (clarinet), Radovan Vlatkovic (*French horn*), *Klaus* Thunemann (bassoon) and Andras Schiff (piano) playing Beethoven, Schumann and Mozart (Fri). Also, (Sat, Sun, Mon, Tue) Michael Schonwandt conducting Chopin's Piano *Concerto No 2 (with Ivo Pogorelich)* and Strauss's Eine Alpensinfonie. (654 1044).

Auditorio del Gonfalone (via del Gonfalone 32/A): The Gonfalone Chamber Orchestra with solo violinists Fulvio and Antonio Leofreddi playing Vivaldi (Thur) (687 5952).

FLORENCE

(51st Maggio Musicale) Teatro della *Pergola:* Andras Schiff (piano), Heinz Hollinger (oboe), Elmar Schmid (clarinet), Radovan Vlatkovic (French horn) and Klaus Thunemann (bassoon) playing Beethoven, Schumann and *Mozart* (Sat). Pianist Lilja Zilberstain playing Rachmaninov and Scriabin (Sun) Soprano Julia Migenes with the Maggio Musicale Orchestra conducted by Bruno Fontaine, Dal Classico al Musical (Wed). Singer Helene Delavault will be accompanied by pianist Claude Lavoix (Thur) (277 9236).

NAPLES

Settimane Musicale Musicale: Teatro di San Carlo: Piano recital by Maurizio Pollini, playing Schubert and Liszt (Sat). Salvatore Accardo, Margaret Batjer, Rocco Filippini, Toby Hoffman, Maurizio Pollini and Theresa Tunnicliff playing Brahms (Tue). The San Carlo Orchestra conducted by Franco Petracchi playing Martucci, Cherubini and Rossini (Wed, Thur) (797 2412).

TOKYO

Tokyo Symphony Orchestra: Uto Ughi (violin), Mozart, Vivaldi. Suntory Hall (Mon) (505 1010).

Stockholm Bach Choir: Bach, Handel, Kodaly. (Tue, Wed). Suntory Hall (403 8011).

Gundula Janowitz: (soprano). Schubert. Showa Women's University Hitomi Memorial Hall, near Sangenjaya (Wed) (353 2242).

Japan Philharmonic Orchestra: Conducted by Naoto Ohtomo. Bird Week Concert: Respighi, J. Strauss, Stravinsky. Suntory Hall (Thur) (234 5911).

NHK Symphony Orchestra: Conducted by Wolfgang Sawallisch. Hindemith, Bruckner. NHK Hall. (Thur) (465 1781).

NEW YORK

Andiamo Piano Trio: Haydn, Schumann (Wed, 12.30, free). Juilliard Concerts at the *IBM Garden Plaza,* 56th and Madison.

New York Philharmonic: Zubin Mehta conducting, Isaac Stern (violin); Mussorgsky, Davies, Mozart (Thur) Avery Fisher Hall (874 2424).

Los Angeles Philharmonic: André Previn conducting; Dvorak, Walton (Thur) Carnegie Hall (247 7800).

WASHINGTON

National Symphony: Andrew Litton conducting, Christopher Parkening (guitar); Britten, Rodrigo, Vivaldi, Rachmaninov (Thur) Kennedy Center Concert *Hall* (254 3776).

CHICAGO

Chicago Symphony: Sir George Solti conducting; Vivaldi, Villa-Lobos, Haydn, Beethoven (Tue). Sir George Solti conducting, Andras Schiff (piano); Beethoven, Ives, Brahms (Thur) Orchestra Hall (465 8111).

Cinema/Nigel Andrews

Thought for noodles

Tampopo (18) Metro, Screen On The Hill
Making Mr Right (15) Chelsea Cinema
Dudes (15) Cannon Tottenham Court Road
Under Satan's Sun (15) Cannon Premier, Swiss Cottage

Few things in this life are more important, as we know, than the search for the perfect noodle recipe. And if we did not know that before, *Juzo Itami's Tampopo* tells us now. This delicious Japanese comedy, in which the pretty, widowed owner of a Tokyo noodle-shop (Nobuko Miyamoto) teams up with a cowboy-hatted trucker (Tsumoto Yamazaki) to create a world-beating eatery for noodle-fanciers, is an essay in structured anarchy. It goes on for two hours, pegging sketches, shaggy-dog stories and visual epigrams to its casual narrative line. And it rhymes things we never quite knew rhymed *before*: sex and food, gastronomy and philosophy, vaudeville and melodrama, Eastern and Western manners.

Watching the movie, with its *succulent* cluster of digressions and non-sequiturs, is itself like eating a bowl of noodles. When you dip your fork into a strand, you never know how long it will be. Loosely unified by the flavour of its central romance, the individual episodes take off in all directions. A gangster and his moll (Koji Yakusho and Fukumi Kuroda) demonstrate the intimate relation between carnality and cuisine. (Goggle at the raw egg yolk passed from mouth to mouth *during* a *passionate kiss.*) An old man who has overeaten in a restaurant has his stomach pumped by a vacuum-cleaner. A batty old lady presses all the food in a supermarket. A young boy, tyrannised by muesli-belt parents (who obviously exist in Japan as well as Hampstead), wears a sign round his neck: "I only eat natural foods. Do not give me sweets or snacks."

And between-whiles we keep coming back to our hero and heroine, as they *conduct* culinary espionage in rival noodle-bars, beat the streets for customers or spend a *quiet hour* practising the art of Zen eating. ("Observe the whole bowl. Take in its gestalt").

Tampopo is the second film by Juzo Itami, a former actor whose debut movie as writer-director, *The Funeral*, was a super-hit at festivals in 1984. (It is promised soon for London). At first glance, *his surreal-satirical* work seems to derive more from the land of Monty Python than that of Mount Fuji. And its domino narrative style – one disparate anecdote knocks into another as if by free association – seems inspired by Bunuel's later films.

But the quality that binds *Tampopo* together, and defines it as Japanese, is its hieratic fascination with form. Everything, Itami suggests, comes down to – or comes up to – ritual. And the rituals seen and affectionately spoofed here are culled from sources as various as gourmet cooking, cinema (comic nods to the stylistic tropes of Godard or *Leone*), *eroticism and Zen Buddhism*. By movie's end, what first seemed a ruthless satire on human omnivorousness has turned into a pantheistic celebration of it. When it comes to human appetite and aspiration, Itami suggests "everything connects." The best of the 1960s spirit is alive and well, and living again in 1980s Japan.

★

Meanwhile, back in the West. Few things freeze a young film-maker's natural vitality faster than the sound of general acclaim. This week's two American movies, *Making Mr Right* and *Dudes*, are both by women *directors whose early work* looked like making a breach in Hollywood's patriarchal citadel. Penelope Spheeris gave us a delicious black farce about punk anomie in *Suburbia*, and Susan Seidelman turned the bewilderments of the urban jungle into high comedy in *Desperately Seeking Susan*. Now both women are finding the kiss of success can be the kiss of enslavement. They have graduated from the kooky individualism *of their low-budget* apprentice work to accepting the plastic plots and synthesised gags that *go with more mass-market movies.*

Seidelman's sci-fi comedy *Making Mr Right* re-heats the old chestnut about advanced technology versus human feeling. "In the future," pronounces scientific boffin John Malkovich of Chemtec Laboratories, "making love will *no longer be necessary* for the creation of life." No sooner said, though, than Malkovich's newly-created robot (also played by Malkovich) falls in love with pretty Miami *PR lady* Ann Magnuson, hired to goose up Chemtec's public image.

Complications obligingly multiply. Ms Magnuson's thrown-out congressman boyfriend (Ben Masters) wants to come back; the boffin keeps being confused with the android; and a whole flotilla of secondary female characters, Miss M's friends, keep legging into the plot, in pursuit of the android or the boffin or the congressman. Or simply in pursuit of *a funny line, of which Floyd* Byars and Laurie Frank's script is distressingly short.

Malkovich manages surgically to insert some charm into his roles, and there *is* technical wizardry in the shots where he doubles up. But elsewhere the film's only originality is in its male-as-sex-object perspective. For once in an American commercial movie the males – real or robotic – are more lusted after than the females, to the accompaniment of much ribald sisterly gossip between scenes of amorous chase. Is this reverse sexism? If so, we males should surely take a stand.

If Seidelman's film is disappointing, Spheeris's *Dudes* is a debacle. Three spaced-out New York punks, played by Jon Glover, Daniel Roebuck and Flea (yes, Flea), decide they are "sick of waiting for the world to end" and hoof off West in search of glamour and adventure. After driving through Monument Valley – (which is scarcely on the way, but never mind, it is scenic), they camp out one night and are attacked by a motor-cycle gang. "Flea" is killed. His *two* pals, after minor hesitation, decide to chase the baddies and wreak vengeance.

Koji Yakusho and Fukumi Kuroda in "Tampopo"

That is the plot: give or take a few dream sequences, a gun-toting garage girl who aids them (*Catherine Mary Stewart*), a ghost town which comes to life and a script (by J. Randal Johnson) which stubbornly does not. The movie's tone, at once spoofing and ponderous, comes across like a blend of Alex Cox's *Straight To Hell* and an American "Comic Strip Presents."

★

However, amid the aesthetic privations of Maurice Pialat's *Under Satan's Sun*, even some quirky music of the Spheeris would be *welcome. Last year at Cannes*, there were scenes of anger and uproar not witnessed since the St Bartholomew's Day Massacre when this work won the Golden Palm for best film. It improves slightly on further acquaintance: but only to the degree that a second blow on the head with a blunt instrument might be slightly less shocking than the first.

Here in a remote French village is "Father" Gerard Depar*dieu, exchanging yards of literary* dialogue (script based on a Bernanos novel) with "Father" Maurice Pialat. Father D expresses his doubts about his vocation, Father P tut-tuts over his friend's inability to find peace and his tendency to excessive self-mortification. (Depardieu flagellates and starves himself: though you would not guess either from his beefy rugby-player's physique). Soon Father Gerard is put to the ultimate test. He meets the Devil, in the beguiling shape of teenage murderess Sandrine Bonnaire who waylays him on a country walk. Will he prove a saint, as Father Pialat suspects, or a spiritual no-hoper as we suspect?

The suspense is bearable. Veteran French director Robert Bresson trod these gnomic by-roads of Catholic torment far more convincingly, in his own Bernanos adaptations, *Diary Of A Country Priest* and *Mouchette*. Pialat's muscular, prosaic style – better deployed in *Loulou* or *Police* – seems hopelessly at odds with the mystical material. No amount of elliptical pacing, Racinian stylisation in the dialogue-speaking, or yellow-filtered countryside (for the devil-meeting scenes) can *convince us he is a poet of cinema* rather than a pugilistic realist.

Macbeth/Stratford-upon-Avon

Martin Hoyle

Two years ago Adrian Noble's production of the ill-starred Scottish play proved an immense success at Stratford though its tension dissipated when transferred to London. In this RSC revival in the Royal Shakespeare Theatre both strengths and weaknesses are thrown into sharp relief.

Bob Crowley's box-like set looks more impressive at Stratford than at the Barbican. The pace is cracking (no interval). The central couple act together with more apparent give and take than their predecessors. But the basic trivialisation remains.

With Jonathan Pryce and Sinead Cusack this domestic thriller gave us a bank manager and his wife battling for professional advancement and suburban social status. A younger-looking pair of Macbeths, for all the head-on courage and generosity of their performances, evoke the image of children playing murder as others play house.

The baby-faced Amanda Root looks barely out of her teens – no reason why not: those productions that depict a strong erotic bond between the Macbeths are usually successful. This quick bright thing comes to confusion struggling to be a hard little cookie; *with energy and* dedication Miss Root plays against her image and is ultimately moving.

Miles Anderson hurls himself into Macbeth with customary intelligence, though with none of Pryce's vacillations of guilt and cowardice. Lacking the requisite vocal richness, he holds something back; but the slightly flat climax to Banquo's ghost scene is the production's fault.

Moments of sheer silliness may eventually prompt unintentional laughter (the vengeful Macduff's eruption through the floor already does), among them the "bubble" incantation with its revolting ingredients played out with the innocuous leftovers from the feast – not helped by a slice of coarse acting from three amateur dramatic society witches.

The most frightening stage children of my experience were three basilisk-eyed bairns at Glasgow's Tron who, some years ago, doubled the witches and young Macduffs, besides brooding over the action like malignant household gods and screamingly *heralding* each murder, so many anticipatory vultures. Stratford has nice middle class English children in nighties with tinkly music for the apparitions; and fails.

The English scene speeds unwontedly, thanks to Duncan Bell's vigorous Malcolm. The Porter's modern jokiness jars (though not its performance by Desmond Barrit, the unnerving double of Brendan Behan), as does the Scots accent wished on Lady Macduff and the Doctor but nobody else. Why?

Hay Fever/Chichester Festival Theatre

B.A.Young

An unexpectedly sunny spring evening brought out the Chichester dinner-jackets, though a chill wind kept the white ones down. Coward's *Hay Fever* is an ideal spring comedy, a proper opening to the 27th season, that, as ever, reflects Shaftesbury Avenue more than the Barbican.

Hay Fever is a comedy written in mostly everyday talk. For me, some of the straightfoward lines can be as funny as the consciously funny ones – "She tapped the barometer this morning." "You're getting much too tall, Sorel," "This haddock's disgusting." This is not the way Tony Britton has directed it, however. He has tried to emphasise every potential laugh, and the younger characters (all of them, that is, except Googie Withers and John McCallum, playing Judith and David Bliss, and Gretchen Franklyn as the dresser) seem to me to be over-playing.

The first of the three acts gives everyone a trick to do, and they do them handsomely but too energetically. Need Simon (Alexander Hanson) take such a leap into the sofa? Must Sorel (Carolyn Backhouse) wave her arms about quite so vigorously? Diplomat Richard (Christopher Godwin) has got it right when he plays his geographical smalltalk (which Coward used better later) quite straight. Certainly the family performance of "Love's Whirl*wind" is comic, but it's comic* because of the lines; they needn't be parodied. They're funnier later, when people drift into them accidentally.

Alastair Muir

Jan Francis

The second act, that begins with the game that embarrasses all the guests and ends with all the guests having been found new partners, is full of good comedy – also of touches of pathos, but these are barely hinted at, so much have the intrinsic pathos of Jackie Coryton (Ruth Hudson) and the self-devotion of Myra (Jan Francis) been visibly established. Tom Kelly's Sandy Tyrrell did not impress me as a young sportsman, and not only because he has not got the required "small hips".

Matching the Blisses in the older generation is Gretchen Franklyn's dresser, *Clara*. The Blisses are played exactly as you would expect Googie Withers and John McCallum to play them, and it would disappoint the audience if this were any different. There is a set by Peter Rice with a staircase and a balcony with only one mean door leading off it. There is also an outside door on one side that was never used as far as I could see. We might have seen the guests' departure that way, and we might have been given the *sound of* Sandy's car.

Nothing can stop this being a very funny play, and the audience laughed like hyenas, but I suspect that it will all get better in a week or so.

William Glock/Elizabeth Hall

Max Loppert

Wednesday's concert celebrating the 80th birthday of Sir William Glock presented the London Sinfonietta (conductors Elgar Howarth and Harrison Birtwistle) and the Ensemble Intercontemporain (conductor Pierre Boulez), the pianists Peter Donohoe and Martin Roscoe, and the singers Sarah Leonard and Elisabeth Laurence. The music was by Birtwistle (including a work by him specially written for the occasion), Stravinsky, and Boulez. The gathering of such forces is itself a tribute of the highest kind; it was an occasion at once awe-inspiring, challenging, stimulating, and intimate. The man who, in the words of a superb programme tribute by Peter Heyworth, "more than anyone . . . got us out of the rut of the Fifties and initiated reforms that re-energised the entire musical scene" deserved no less.

Glock's career, as critic, music educator, magazine editor, concert organizer and promoter, and publisher (and many other things besides), has been fuller and richer than any short notice can adequately describe. But one main item of it stands out as crucial to the postwar history of music in Britain: from 1959 to 1972 he was Controller of Music at the BBC, and in that time he transformed the Corporation's music department from being (in Heyworth's words) "a bye-word for its narrow-mindedness and lassitude" to being a force for cultural horizon-expansion of unparalleled vigour and enterprise.

It was not just because the previously easily-scorned figures of modern music (such as Schoenberg, or Webern, or late-Stravinsky) were now being heard, scrutinized, and re-evaluated; or that Europe's significant younger composers were being given air and concert-time. Glock's whole stance was the vanquishment of the smug, self-satisfied Little Island attitudes to music in particular, and *to art in general, that* had prevailed so long and so depressingly, and it was evidenced in his approach to the whole of music, present and past.

Anyone (like myself) educated at a British university during the Glock BBC days will readily recall how thrilling it was to have regular radio "back-up" for studies into unknown or recherché areas of music alongside the broadcast re-affirmation of music's main routes and habitats. Even now, in the horizon-shrunk '80s, and in spite of all the debased lowbrow criticisms to which Radio 3 has been recently subject, the Glock spirit still survives there. The 1988 Prom prospectus – a worthy and exciting continuation of the summer series transformed by Glock from a "stereotyped series of popular concerts" (Heyworth) into the most exciting summer music festival in the world – may fairly be said to prove it.

It was a moving gesture to *bring Boulez from Paris with his* splendid Ensemble for *Le Marteau sans maitre*, that Boulez key-work of the '50s which in 1957 Glock introduced to London in his ICA concert series; the appearance, just over a decade later, of Boulez himself as chief conductor of the artistically revitalised BBC Symphony Orchestra initiated a period in London concert history that (limited and flawed though it may have been) one now looks back on with hungry nostalgia. *It was no less moving* to hear, in this context, Birtwistle's 35-minute tour de force *Secret Theatre*, or the small, pungently lyrical Birtwistle setting *of Rilke's* poem "*An die Musik*" produced for the occasion, or the grandly laid-out performance of Stravinsky's Concerto for Two Pianos that came between the two Birtwistle works – Glock's interest in the new and the "older new" has always been without boundary. It was altogether a moving occasion: one feels only gratitude for its' achievement, and gratitude to the man who inspired it.

Whitney Houston/Wembley Arena

Antony Thorncroft

The lights in the vast arena dim, apart from four red laser beams that mark out the central stage; the audience rises in awe, searching for the star. How will she materialise – like Greek Aphrodite from the depths, or Roman Venus from the skies? Surely she can't just walk on.

Suddenly she is there and the excitement is over. For the next ninety odd minutes there is little to do but recite the statistics that prove that Whitney Houston, this perfect android in a blue dress, generates more wealth than Bulgaria. She has had more successive American number one records than the Beatles; she has sold out Wembley for more nights than Billy Graham; she has more relations in the business than Lew Grade.

To be frank her performance on Wednesday was an improvement on her last visit to the Arena. There were fewer of those *bravura throat* exercises, *those* screechy imitations of the Paraguayan parrot, and, apart from the casual "I love you all" and the outrageous lie, "I want to feel you," *there was less blatant* insulting of the intelligence of the audience. But for a "soul" singer Whitney is still remorselessly devoid of any soul. She now manages to move a little, guided by three lively dancers, but the façade never cracks, spontaneity never surfaces in this well oiled machine.

There is, of course, the voice, the kind of voice that could summon liners home across the Solent. It is much finer, or at least stronger, than that of mother Thelma, aunt Dionne or *friend* Aretha. *It is a thing of* awe, wasted on those totally fatuous soul songs which attempt to inject casual affairs with the drama of grand passions. Rarely can an artist be so detached from her material. Watching this beautiful veneer throw off songs like "Love is a contact sport" is as credible as the performance of weather forecasters as song and dance men in Christmas TV spectaculars.

There is a spot devoted to gospel, which might have injected some genuine emotion into the evening if had not followed an introduction of the band of such unrelieved tedium that it created *mass brain damage. Of course* Whitney Houston puts on a good show – the band is excellent; the stage is awash with backing singers and dancers; she looks sub*lime* if demure: but nothing can hide the hollowness at the core. And then the awful thought comes that showbiz glitter has always been her life, and that for this gorgeous, remote, transient creature second hand sentimentality is reality.

Speed-the-Plough/Royale, New York

Frank Lipsius

During a surprisingly favourable assessment of the film industry in his book, *Writing in Restaurants*, David Mamet mentions only in passing that "we Americans have *all* considered Hollywood, at best, a sinkhole of venal depravity." If in the book he prefers to laud the industry's demand that writers "stick to the plot and not cheat," he burrows into the less salubrious aspects of the town and its people of *Speed-the-Plough*, which has just opened at the Royale on Broadway.

The playwright, fresh from the success of *House of Games*, his film directing debut, takes obvi*ous delight in concentrating his* venom on the closely observed portraits of Bobby Gould (Joe Mantegna), the recently appointed studio-production head, and an old friend, Charlie Fox (Ron Silver), who is presenting a film deal for the major star, Doug Brown. With moving cloths still on most of the furniture in Bobby's new office, the initial dialogue amplifies Charlie's admission that "my job is kissing your ass." Joe Mantegna fully enjoys the exercise, graphically portrayed. Director Gregory Mosher orchestrates this somewhat bizarre but exhilarating *buddy relationship*. Things happen with Bobby's new power.

Anticipating the fortune he expects to make on the new movie, Charlie can hardly contain himself. "You think about a concept all your life – wealth," he says, staring at his early-*morning glass of* Remy Martin. The dialogue has a new range, taking in Hollywood jargon, promoters' lingo like "pay or play" and eloquent, if scatologically-in*fused*, ruminations on the promise of looming success. They are intelligent lost souls who believe they have chased the rainbow to its source. Mamet's work has moved up the socio-economic scale from the street-hustling vernacular of *American Buffalo.*

The plot turns on the arrival of Bobby's temp, Karen. Charlie challenges the new executive to seduce her. Bobby invites Karen over with a precis of a pretentious eastern novel about radiation and the end of the world. Karen attempts to convince Bobby a film should be produced even though she knows it was given to her merely as a "courtesy read."

The ensuing battle over which script should be done has the implausible turn of a 1940s melodrama, the cynics with the 1988 version winning over highminded but manipulative innocence. The plot is Mamet's ultimate revenge on Hollywood, showing the film industry at its narrowest and echoing Bobby's line, "I make the movie everyone made last year, that's my job."

Mosher's one directorial mistake is the casting of Madonna as Karen. Her leaden delivery does not convey innocence and only worsens the playwright's difficulty of endowing female characters with the obsession that drives the men to eloquence. Madonna is the one concession to Hollywood, guaranteeing the play a long run in much the same way as Doug Brown is sowing the fortunes of Charlie and Bobby.

Arts Guide

May 6-12

Theatre

LONDON

Cat on a Hot Tin Roof (Lyttelton). Ian Charleson and Lindsay Duncan lead this white-hot National Theatre revival of Tennessee Williams' play directed by Howard Davies. Eric Porter, returning to the stage after an absence of 12 years, is an electrifying Big Daddy. (928 2252)

The Common Pursuit (Phoenix). Second London chance for flawed Simon Gray comedy about Cambridge University graduates in love and publishing. The author directs a good, young and lively cast of post-Python comedians including Rik Mayall and Stephen Fry. (836 2294, CC 240 9661)

Easy Virtue (Garrick). Transfer of King's Head revival of early Noel Coward, same period but lesser vintage than Hay Fever, but worth seeing. (379 6107)

Bloody Poetry (Royal Court). Howard Brenton season suitably inaugurated with this fine play about Byron and Shelley, a fierce meditation on the unloved artist in exile. Max Stafford-Clark directs. (730 1745)

A Touch of the Poet (Comedy). Vanessa Redgrave and Timothy Dalton in prolix but fascinating O'Neill play set in the aftermath of the European republican upheavals. Dalton is Con Melody, a Byronic wreck pipe-dreaming in the bar, Redgrave *is his loyal but defeated* spouse. A collector's item. (930 2578, CC 839 1438).

South Pacific (Prince of Wales). Average, traditional revival of the great Rodgers and Hammerstein musical, Gemma Craven failing to wash Emile Belcourt out of her hair.

Shirley Valentine (Vaudeville). Pauline Collins in fine, funny and highly entertaining monodrama by Willy Russell of liberation for a Liverpool housewife holidaying on Corfu. Shades of Ibsen's Nora and Beckett's Winnie, with jokes. (836 9987, CC 379 4444). Ends April 30.

The Phantom of the Opera (Her Majesty's). Spectacular, emotionally nourishing new musical by Andrew Lloyd Webber. (839 2244, CC379 6131/240 7200).

Follies (Shaftesbury). Stunning revival, directed by Mike Ockrent and designed by Maria Bjornson, of Sondheim's 1971 musical in which poisoned marriages nearly undermine an old burlesque reunion in a doomed theatre. (379 5399).

Serious Money (Wyndham's). Transfer from Royal Court of Caryl Churchill's slick City of London comedy for champagne-swilling yuppies: how the Big Bang led to class tumult and barrow-boy dealings on the Stock Exchange. (836 3028, CC 379 6565). Ends April 30.

Back with a Vengeance (Strand). Barry Humphries, indisputably the outstanding vaudevillian of the age, has extended his triumphant London season to July 9. Dame Edna *Everage* has now earned *full immunity* to good taste, while the bibulous diplomat Sir Les Patterson touches new heights of degradation. (836 2660/4143)

Hapgood (Aldwych). New Tom Stoppard mixes espionage, romance *and* higher physics in a splendidly taut and clever entertainment. Felicity Kendal is the eponymous intelligence agent, Rogert Rees and Nigel Hawthorne in elegant support. Double meanings and double identities abound. (836 6404, CC 379 6233).

NEW YORK

Fences (46th Street). August Wilson hit a home-run, this year's Pulitzer Prize, with the powerful tale of an old baseball player raising a family in the 1950s, trying to improve their lot but dogged by his own failings. (221 1211).

Cats (Winter Garden). Still a sell-out, Trevor Nunn's production of T.S. Eliot's children's poetry set to trendy music is visually startling and *choreographically feline*. (239 6262).

A Chorus Line (Shubert). The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

Les Misérables (Broadway). Led by Colm Wilkinson repeating his West End role as Jean Valjean, the magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama, if not strict adherence to its original source. (239 6200).

Starlight Express (Gershwin). Those who saw the original at the Victoria in London will barely recognise its American incarnation: the skaters do not have to go round the whole theatre but they do at least get good *exercise in the spruced-up stage* with new bridges and American scenery to distract from the hackneyed pop music and trumped-up, silly plot. (586 6510).

Me and My Girl (Marquis). Even if the plot turns *on ironic mimicry of Pyg*malion, this is no classic, with forgettable songs and dated leadenness in a stage too full of characters. But it has proved to be a durable hit on Broadway with its marvellous lead role for an agile, engaging and deft actor, preferably British. (947 0033).

WASHINGTON

The Search for Signs of Intelligent Life in the Universe (Eisenhower). Lily Tomlin repeats her Tony-award winning solo performance of the crazy people who inhabit her funny and strange imagination. One major segment explores the progress of the women's movement over the past decade. Ends June 26. (254 3670)

The Mystery of Edwin Drood (Kennedy Centre Opera House). The Broadway hit musical based *on* Dickens' unfinished novel features the music of Rupert Holmes for which the pop composer won a Tony. Ends May 1. (254 3770).

CHICAGO

International Theatre Festival: The American debut of the English Shakespeare Company performing the seven Wars of the Roses plays, beginning with Richard II, highlights the month long schedule of 20 productions from 13 companies representing Spain, France, Ireland and South Africa among many others. Ends May 29. (644 3378).

TOKYO

Yume no Yuminsha in "Hanshin" Theatre Apple, Shinjuku. A recent survey indicated that Yume no Yuminsha was the most popular theatre group among today's young *generation in Japan. Hideki Noda's* productions are complex fantasies with a strong vein of surrealist humour. Noda himself is a high-energy comic performer of great presence and charm and the entire company are *skilled in song*, dance and acrobatics. "Hanshin" (half god) is about Siamese twins and various attempts to separate them. This is Total Theatre at its most exuberant. Ends May 15.

Kabuki (Kabuki-za). (541 3131) This month's programme features two of the most spectacular works in the kabuki repertoire. At 11am, "Iosey-ama Onna Teikin, has a first act consisting of two plays performed simultaneously. It makes use of two hanamichi (the raised platform which extends into the auditorium) and two sets of singers, one on either side of the stage. One of the pieces in the performance at 4.30pm, "Shiranami Gonin Otoko," is an elaborately stylised fight scene. Excellent English earphone commentary. Ends May 27.

Bunraku, *National Theatre* (265 7411). The puppet theatre is one of Japan's most refined art forms. Each doll has three operators who remain in sight of the audience throughout the performance, but their presence is soon forgotten, as the narrator at the side of the stage unfolds the story to a musical accompaniment. The bunraku company is based in Osaka and visits Tokyo only twice or thrice a year. Two programmes, at 12 noon and 5pm. English earphone commentary available. Ends May 22.

Nippon Cha! Cha! Cha! Open air, *experimental* production *in the* garden of the Setagaya Art Museum. About an Olympic hopeful in track-and-field and a woman reporter who follows his every movement. May 11-16 only. (584 5659)

Beehive: Off-Broadway musical, in English – a spoof on the early 1960s. Yubin Chokin Hall. Ends June 5. (237 9999)

The Wars of the Roses (Tokyo Globe Theatre, Shin-Okubo). The English Shakespeare Company opens Tokyo's newest theatre with Michael Bogdanov's lively and inventive production of Shakespeare's English history plays. The theatre was designed by RIBA gold medallist, Arata Isozaki, as a witty pastiche – pink outside and various shades of grey inside – of the Elizabethan original. A bare stage throws the focus on to the actors and on to costumes that range from medieval through Victorian to punk. Barry Stanton's fine Falstaff in Henry IV is an excellent foil to Michael Pennington's angular Prince Hal. All plays are in English and there are six plays in repertory. (343 4751).

Hanshin (Theatre Apple, Shinjuku). A recent survey indicated that Yume no Yuminsha was the most popular theatre group among today's young generation. Hideki Noda's productions are complex fantasies with a strong vein of surrealist humour, rather as if Monty Python were *invited to attend a traditional Japa*nese street festival. Noda himself is a high-energy comic performer of great charm and presence while the entire company is skilled in song, dance and acrobatics. Hanshin (half-god) is about Siamese twins and attempts to separate them, but the plot is less important than the outpouring of visual invention. This is Total Theatre at its most exuberant.

NETHERLANDS

Amsterdam, Stadsschouwburg. The English-Speaking Theatre of Amsterdam opens its 10th anniversary summer season with the world premiere of Svarupa's American Gothic, a macabre comedy about a family's reactions as one of its members changes unwillingly into a famous comic-book freak. Directed by the author. Dress rehearsals on Tue, Wed: opening night Thur. (24 23 11).

Saleroom/Antony Thorncroft

Turner for sale

An important late work by Turner, "Cicero at his Villa," comes under the hammer at Christie's on July 15. It is expected *to sell for in excess of £6m.* The painting, one of the few important works by the artist still in private hands, has been sent for auction by Evelyn de *Rothschild. For many years it* has been on show to the public at Ascot House in Buckinghamshire.

Turner painted it in 1839, one of a number of canvases in which he evoked the classical period in the Italy of his own day. It passed through many hands, selling *once for 1,470 guineas at Chris*tie's in 1867, before being bought by the vendor's father, Anthony de Rothschild, from the London dealer Knoedler in 1928.

There might well be a storm over its sale at auction, but the UK is awash with Turners (there are over 4,000 pictures in the *Turner Bequest at the Tate*). The price could exceed the £7.37m paid for Turner's view of Folkestone, also sold at Christie's (by the heirs of Lord Clark), which has subsequently disappeared from sight, but which is still in the UK. With Turner under-represented in foreign museums, the *watchdogs may* well permit Cicero an export licence if it is bought by an overseas bidder.

Christie's is hoping to make over £1m from another picture in the auction – of two leopards at play in the Exeter "Change Menagerie" by the Swiss born artist Jacques-Laurent Agasse, who was a contemporary of Turner. Works by Lagasse rarely appear on the market.

Sotheby's had its problems yes*terday with a sale of continental* manuscripts, which totalled £269,159, but with almost 34 per cent unsold. Many of the top lots failed to sell, including 18 photographic albums assembled by the Empress Elisabeth of Austria, and an early manuscript by Jean Genet of his play "Les Negres," both unsold at £10,000.

The top price was the £23,100 paid for a letter by Goya commenting on restoration work to paintings. Goya letters are very rare and *the* price doubled the top estimate. Tracts by Guy de Chauliac, one of the most influential surgeons of 14th century France, made £12,650 while 140 letters by Philip IV of Spain about the administration of Spain's North African forts realised £12,100. Albert Einstein's telescope, made in the late 18th century by Jesse Ramsden, sold cheaply at £1,100.

Christie's sale of English furniture brought in £334,114 in the morning session with a top price of £17,600 paid for a George III mahogany breakfront bookcase.

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The price of freedom

THE EXPLOSION of public joy which yesterday greeted the return to France of three French hostages after three years' captivity in Lebanon recalls the similar explosion in the United States seven years ago when the staff of the US embassy in Tehran were released after 444 days. In both cases the joy is entirely comprehensible, indeed impossible not to share, when one thinks of the individuals directly concerned, yet at the same time it cannot but make a detached observer uncomfortable.

Emotions

As a leading French journalist remarked yesterday, this joy, like the fear, anger and frustration which preceded it, is part of the terrorist arsenal. It demonstrates the hold which a group of cynical and ruthless men can establish over the emotions of a large body of humane and civilised people, simply by playing with the life and liberty of a few unfortunate individuals.

That fact is unpleasant in itself. It becomes positively dangerous in its implications when one remembers that the people in question are citizens of a democracy, whose emotions have to be taken into account by their government when it frames its policy. Such a reflection is inescapable when, as in the present case, the event occurs in the immediate run-up to a national election.

Clearly the release of the hostages is something valued and desired by the French electorate. How could it not be? Equally naturally the French government, elected to serve the people, sees it as part of its duty to work to obtain the hostages' release, and expects some political advantage if its efforts are crowned with success. It is therefore entirely natural for cynics (of whom France has its due share) to conclude that the government has arranged and timed the whole thing for political advantage alone.

That is probably unfair. In fact the release has almost certainly come too late to win the presidency for Mr Jacques Chirac, and there is every reason to think he did his best to make it happen sooner. To stage it deliberately in the very last week of the campaign would have been too risky and too crude, with a very great danger that it would backfire. President Carter paid dearly for building up expectations, unfulfilled in the event, that the US hostages would be released just before the 1980 US presidential election; and some of France's more sophisticated voters may even now be feeling that it would be wrong to let Mr Chirac win in circumstances such that his election would be widely attributed to this one factor.

If the Carter precedent is anything to go by, the timing was probably dictated not by the French government but by the holders of the hostages, either precisely with a view to humiliating Mr Chirac or, more likely, with the aim of extracting the maximum price from the outgoing government while avoiding the risk of having to start afresh with a new government which might take a harder line – as Mr Ronald Reagan had strongly hinted he would do in 1981, and President Mitterrand likewise suggested last week when he attacked Mr Chirac for releasing Vahid Gordji, the Iranian who had been accused of involvement in the Paris bombings of 1986. There is little doubt that this release, like that of the Lebanese suspect, Mohammed Mouhajer, in March, formed part of the Franco-Iranian bargaining process.

Pressure

That there was a bargain no one doubts. This is a bitter fact for the British hostages still in Lebanon, and for the British government which is steadfastly refusing to bargain for their freedom. It is all too easy to present the British government as callous and unrealistic, the French as humane and statesmanlike. Yet the fact is that France has shown its Middle East policy can be influenced by hostage-taking. Whatever the merits of France's involvement with Iraq, and however good the arguments on their merits for an improvement in relations with Iran, it is not a happy position for future French governments to know that Iran can, whenever it is displeased with French policy, resort again to this kind of pressure with some reasonable expectation of success.

Sex, the law and economics

THE LORD Chancellor and his fellow law lords employed impeccable logic yesterday in ruling that Miss Julie Hayward, a cook at Cammell Laird shipbuilders, should get a pay rise to bring her earnings into line with those of comparable male craftsmen, in this instance a joiner, a painter and a thermal insulation engineer. The decision represents a coup for the women's movement and could lead to a flood of similar equal pay claims. The main issue raised by the judgment is the extent to which equal pay law should be amended.

Artificial

Lower courts and tribunals had dismissed Miss Hayward's claim for higher basic and overtime pay by arguing that when benefits in kind, such as sick pay and additional holidays, were taken into account she was not worse off than comparable male workers. It was "artificial", they argued, to distinguish between pecuniary and non-pecuniary forms of remuneration. The law lords agree, but argue convincingly that this is what the present law requires. If a woman can point to any term in her contract that is less favourable than that in a comparable man's contract, she can demand rectification regardless of their relative overall remuneration.

The lower courts apparently allowed their legal judgment to be swayed by economic considerations. They feared that if individual terms in a contract could be compared in this way, then the doors would be opened to all manner of inflationary leap-frogging in pay. Male workers might respond to higher basic pay for women by demanding offsetting improvements in their non-pecuniary terms. The economic worries are sound enough: the law should certainly be amended to ensure that courts are able to take pay and non-pay factors into account. It is worrying, however, that the lower courts were so heavily influenced by what they felt made economic sense: their job is to interpret the law, not decide whether it possesses any economic logic.

The important question is whether more than a minimal amendment of the law is necessary. Many economists would argue that the whole exercise of assessing the value of different jobs is misguided. On this view, equal pay legislation should do no more than ensure that men and women doing precisely the same job are paid the same. In other words, male and female cooks with comparable duties would have to be paid the same but discrepancies would be allowed between female cooks and male joiners on the grounds that an objective assessment of the relative worth of these jobs is impossible.

Advocates of strong anti-sex discrimination laws would contend that such a limited form of intervention is unlikely to be effective. The law is here attempting to tackle a very deep-seated problem: women have been paid significantly less than men for decades and there is no sign that true equality is on the horizon. Moreover discrimination is possible precisely because the labour market divides on clear sex lines. There are jobs done predominantly by women and jobs done predominantly by men and it just so happens that the women's jobs are worse paid than the men's. Unless some form of comparison of male and female jobs is allowed, progress in equalising pay is likely to be extremely slow.

The UK, it should also be noted, has a long tradition of job evaluation and assessment. Market economists may say it is impossible, but those on the ground seem to have little difficulty agreeing what in practice constitutes work of "equal value". Such assessments were not a source of friction in the Cammell Laird case.

Cumbersome

The heart of the issue is the extent to which non-market mechanisms should be employed in pursuit of social goals. Most people would support efforts to eliminate sexual discrimination in the workplace, and until someone invents a better solution, legal intervention will remain necessary. But the present means are cumbersome and bureaucratic, and threaten some loss of economic efficiency. Refinement of existing laws should be a priority. And there is no reason why pay equalisation should always require higher wages for women; those who worry about unemployment would urge that men sometimes take a small cut.

Ian Davidson in Paris assesses the campaign for the presidential election in France in the dramatic final days before Sunday's vote

Chirac's struggle to step up

THE LIBERATION of the three French hostages held in the Lebanon, and the recapture by force of the 23 hostages held by independentists in New Caledonia, is a dramatic double coup for the French government which may give an extra boost to Prime Minister Jacques Chirac in his contest against President François Mitterrand in this Sunday's final vote in the Presidential election.

But Mr Chirac has been trailing so far behind in the opinion polls that the hostage drama would have to give him a truly enormous increased support to bring him within reach of victory. On the other hand, it may make a significant difference to Mr Chirac's future political career as leader of the neo-Gaullist RPR party, if it helps him to narrow the margin of Mr Mitterrand's victory.

The critical question is, what will be the impact of the freeing of the hostages on the 14-plus per cent of the electorate who voted for Mr Jean-Marie Le Pen, extremist right-wing leader of the National Front, in the first round ten days ago?

Mr Le Pen has praised the military operation on the island of Ouvea in New Caledonia, but condemned the freeing of the hostages in the Lebanon as a defeat for France. "There is only one way to deal with terrorism," he said, "that which was employed on Ouvea." Last Sunday Mr Le Pen advised his followers not to vote for Mr Mitterrand, but without urging them to vote for Mr Chirac, since his own success has been largely achieved at the expense of the Gaullist candidate.

It is uncertain whether Mr Le Pen's advice will have a decisive effect either way on his disparate supporters. But their sudden emergence on the scene ten days ago as a new political force which has split the right, has captured the attention of political commentators and analysts.

The phenomenal breakthrough achieved by Mr Le Pen has not merely overthrown all previous expectations about voting behaviour, it has even threatened the national self-esteem of many people in France.

Until yesterday, the second round of voting on Sunday looked so much like a foregone conclusion as to risk being an anti-climax.

Although in the last few days of campaigning, Mr Chirac has been raising the volume and lowering the tone of his electioneering, Mr Mitterrand, the standard-bearer for the socialists, is assumed to be a virtually certain winner. Even if few people seriously expect his margin of victory to be as wide as some of the polls have been predicting – 55 per cent – the prospect of victory could only be seriously threatened if enormous numbers of socialist voters complacently stayed at home.

One factor persuading them to vote may be the popular obsession with the Le Pen factor. In any conversation you will meet perplexity and even a sense of national shame that Mr Le Pen should have done so well in the first round (his score of 14-plus per cent was significantly ahead of anything predicted in the opinion polls) and Mr Chirac so badly (under 20 per cent).

Quite apart from the moral shock, however, the French have been intellectually astonished by the Le Pen earthquake. Over the past ten days, the press has been full of exhaustive attempts to find reasons for it, with in-depth analyses cross-cutting voting behaviour by town and region against personal characteristics and socio-economic or ideological factors.

Mr Le Pen's themes of xenophobia, law and order, and France-for-the-French are manifestly designed to bring out the protest vote. Sure enough, his biggest scores tended to coincide with areas of high immigration and/or high unemployment, or both, such as Marseilles, Lyons, Paris or the North-East.

But when the analysis moves from generalities to a close examination, the narrow unemployment/immigration correlations become more elusive. For example, in Alsace, immigration and unemployment are both low, but Le Pen still managed to score over 21 per cent.

Some analysts, like Professor Hervé Le Bras, point out that Le Pen's support is largely concentrated in the East or South of the country, that is, in those areas in closest contact with foreigners, whether inside or outside the frontier, and that this geographical pattern also corresponds broadly both with the level of violence (complaints of woundings), and with the incidence of anti-semitism at the turn of the century.

Other commentators argue that the Le Pen vote is an aggregation of at least four distinct strands: elderly people who are worried about law and order, small farmers who face economic decline as a result of the reform of the European Community's farm policy, left-wing fugitives disillusioned by the anachronism of the French Communist Party, and a hard core of ultra-right malcontents who identify with Pétain or Algérie Française against the orthodoxy of Gaullism.

Yet others speculate, more generally, that Le Pen represents the intersection between the final convulsions of a colonial past (his heavy support from North African immigrants, plus the violence in the Pacific territory of New Caledonia), and a European future in which unemployment and industrial restructuring are more apparent to the underdogs of French society than the long-term benefits.

At all events, it is noticeable that whereas everyone in France talks constantly both about *"la crise"* and *"l'Europe 1992"*, the mainstream political parties have all dumped their intellectual baggage in the past five years: the socialists have adopted the tone of social democracy, while the Gaullists have thrown away their traditional populism and *dirigisme* in favour of deregulation and market forces. It would not be surprising if those who feared losing out in the single European market looked around for something simpler and more vigorous.

Although Mr Chirac has raised the volume and lowered the tone of his electioneering, Mr Mitterrand is assumed to be a virtually certain winner.

Whatever the real reasons for Le Pen's success, there is an operational issue which is politically pressing and unresolved, and which may be part of a different kind of explanation. If there is such a large protest vote in France, why were the politicians taken by surprise? Although none of the published opinion polls credited Le Pen with anything like 14 per cent (and as a result the polling institutes have some questions to answer), moderately well-organised national party machines have tentacles reaching into every corner of the country. Their leaders ought to have a shrewd idea of what is going on. If the political leaders were taken by surprise, there must be something wrong with the party machines, or with the leaders.

Conflicts on the right between (from left) Jean-Marie Le Pen, Jacques Chirac and Raymond Barre leave François Mitterrand on top

Many commentators have accused the country's political élite of being out of touch with the people and have argued that this remoteness is doubly damaging in a period of economic difficulty. The charge was framed most forcefully by Serge July, editor of Libération, in the immediate aftermath of the first round: "All these men, speaking the same technocratic language vulgarised with demagogy, as imperturbable as eternity, juggling with indices and abstract ideas, represent for many voters a sort of governmental nobility. A caste which is untouched by failure or the absence of any visible or verifiable effectiveness, as if they alone possessed the right to govern."

Mr July's analysis is the more damaging in that he includes politicians of both left and right in the same indictment: they all belong to the same caste and all behave the same. "That the men of failure, of left and right, not only should go unpunished, but should even reign imperturbably over French political life, arouses a movement of rejection . . . It is true of Beregovoy and Fabius [former socialist ministers], but even more of [Finance Minister Edouard] Balladur and [Budget Minister Alain] Juppe, for whom even the simple alternation of left and right belongs to the category of crimes against the spirit."

Mr July may be prejudiced; his paper leans distinctly in favour of Mr Mitterrand. But whatever the explanation for Mr Chirac's set-back on April 24, there can be little doubt that it is closely connected with the explanations for Mr Le Pen's breakthrough. Mr Chirac's neo-Gaullist movement has suffered a serious loss of political credibility, and faces a major task in recapturing lost ground on the right.

The difficult question is this: do the Gaullists need to change the message or the messenger, or both? President Reagan came to power by promising a rainbow, Mrs Thatcher by promising retribution for bad behaviour, whereas Mr Chirac's stock-in-trade was an elusive if consensual message around the theme of Europe 1992, delivered in the ready-made machine phrases which come naturally to élite French bureaucrats, but which may have seemed remote and self-satisfied to the protest-voters on his right.

All mainstream politicians in France today claim the legitimacy of the Gaullist inheritance; but what do the Gaullists themselves really stand for? The answer is not clear. The current Gaullist beliefs – deregulation and market forces, European economic integration, and French defence co-operation with its European partners in Nato – bear virtually no relation to anything the General subscribed to. Mr Chirac publicly admits that there is almost no ideological difference between him and the centre-right parties of the UDF; whereas the hallmark of the General's mastery of the political scene was that he stifled any attempt to mobilise populism on his right.

The Gaullist party's dilemma, between Le Pen and the centre, is exemplified by Mr Chirac's two lieutenants. Mr Charles Pasqua, a mediterranean populist with an instinctive inclination for the rough-and-tumble of the right, naturally prefers to woo the National Front voters. In contrast, Mr Edouard Balladur, an infinitely smooth administrator, has proposed that the neo-Gaullist RPR party should strengthen its position by taking over some or all of the centre-right parties. The choice between these two tactics will be fundamental for the future of the French right. It seems obvious that they cannot both be pursued simultaneously; whether Mr Jacques Chirac has the credibility to pursue either of them depends on how well he does on Sunday.

All mainstream French politicians will be asking themselves whether the Le Pen factor is likely to be durable and hoping that it will sink as rapidly as it rose. Those who believe that it is an ephemeral force tend to write it off as a protest party with a disparate following and no coherent political programme. On the other hand, some of the factors provoking protest, such as high unemployment and concentrations of immigrants, seem likely to endure for several years. Moreover, the momentum behind Mr Le Pen is likely to be sustained by the cantonal elections in the autumn and municipal elections in a year's time, reinforcing his party's structure and its access to local political leverage.

If Mr Mitterrand wins on Sunday, therefore, a good deal may depend on whether he calls new general elections. If he wins by a very large margin, he must be tempted to call immediate general elections. On the other hand, his stated preference is to seek a new centre-left majority in the existing National Assembly by offering an opening to centrists, and he is said to be wary of the unwelcome consequences of a parliament in which the socialists are too powerful. He may also fear that new general elections could further strengthen the position of the National Front. Since neither the centrists nor the Communists will be keen to precipitate elections in which they would do badly, Mr Mitterrand could hope to govern for an extended period with a patchwork centre-left government.

Yet with such a large protest vote in the country, Mr Mitterrand will probably need to strengthen his hand by building a new parliamentary majority in the only way which is reliable: general elections. Moreover, if Mr July is correct, socialist politicians are as guilty of remoteness and élitism as Gaullists; and since the next few years are not going to be a period of easy prosperity for all, the Le Pen factor could become almost as great a threat to Mr Mitterrand as to the traditional right-wing parties. In other words, the National Front is bound to remain a central preoccupation for the winner as well as the loser in Sunday's election.

OBSERVER

Berrill goes quietly

■ Sir Kenneth Berrill chose the annual lunch of Euram, the international head hunters, to make what amounted to his valedictory speech as chairman of the Securities & Investment Board. He spoke without bitterness, with some charm and warned of problems to come.

It is now eight years since he left Whitehall, where his last job was head of the old Central Policy Review Staff or "think tank", to become chairman of Vickers da Costa. He was made to take the Stock Exchange exam to prove his credentials. In 1985 he became the first chairman of the newly formed SIB – because, he said, everbody else had turned the job down and he accepted out of immaturity.

He could have said yesterday that he had not been re-appointed because he had tried to do too well the task he was set. In what looks like a triumph for the City establishment, David Walker of the Bank of England is taking over at the end of this month.

Instead Berrill claimed that he had loved every minute of it. The factors that he had not foreseen were the dependence on lawyers and the use of rule books. The rule books, which Berrill is charged with devising at excessive length, will have to go on, he says, though they may be shortened eventually.

Detailed regulation, he insists, is essential. There are over 36,000 firms on the central register in what is the fastest changing industry in the country. Some of those firms will be found to to be deficient: hence the warning about troubles to come.

Berrill cited the pitiful letters he had had during his period in office from those who had lost money through McDonald Wheeler, the investment advisers who perhaps should never have been allowed to operate. Some thousands of people, he said, had been unfairly treated. Only regulation could help to prevent that happening again.

Mothers-in-law

■ The current chairman of Euram is Sir Gordon Brunton, once the chief executive of the Thomson Organisation. The head hunting business, he claims, is more buoyant than ever before. The British end is helped by the fact that, after Chancellor Lawson's last budget, Britain is regarded as a tax haven.

Brunton and Berrill first met when they were at the London School of Economics in 1939. That led Berrill to reflect on the past. "You never respect your contemporaries," he said. "Whenever someone you were at school with is appointed to the Cabinet, you think...My God!"

He also threw out: "Behind every successful man, there is an incredulous mother-in-law."

One little known fact about Berrill, which probably keeps him fit, is that he is a powerful swimmer. See him at an hotel with a pool and there he will be ploughing up and down regularly doing his 30 lengths.

"It's not about your licence – it's about your choice of viewing."

Foggitt is back

■ A mini heat-wave could be on the way by the end of May if the flowers on the blackthorn bushes have got it right, Bill Foggitt, the Thirsk weatherman, assured us yesterday.

The flowers have nearly all died off, which is a good thing. "As long as the blackthorn's out we get no real settled weather," he said.

The blackthorn alone would not be sufficient to confirm Foggitt's belief that we are in for a hot summer. The early arrival of the swallows was further evidence. The first came on April 13, five days ahead of time. "The earliest in my records was April 10 in 1928 and that was a very good summer," he said.

Foggitt is recovering from a bout of flu, which perhaps explains his lapse in forgetting to record when the frogspawn hatched in his pond. He could report, however, that the tadpoles were doing well.

The illness did not prevent him getting out for his walk the other evening which was lucky because he heard his first cuckoo of the spring, again quite early for Thirsk.

Fortune also smiled through the weather, which stayed fine and ensured him of a free pint when he reached the Three Tuns. "If it rains, I have to buy my own. I always get blamed," he said.

The thunder storms of the past week have ensured a thin time at the Three Tuns lately, but calculating the distance of the storm has kept him occupied. "I count the seconds between the flash and the clap and divide by five. If the flash and the clap are together, I dive under the bed."

Chinese Chatterley

■ The works of D H Lawrence, including Lady Chatterley's Lover which was banned last year, are now respectable in China.

Lady Chatterley will be part of a six volume edition of Lawrence's novels to be published shortly. According to yesterday's China Daily, participants at a recent literary seminar called Lawrence "the most important English novelist since Thomas Hardy, some placing him one niche higher than the Irishman, James Joyce."

Masons exposed

■ The Freemasons are waiting with baited breath for a Channel Four Despatches documentary on the Craft to be broadcast at 8.15 this evening.

It may not be entirely complimentary, unlike their own video published last December which has already sold 10,000 copies but was not officially shown to the press until yesterday.

Commander Michael Higham said the timing of the showings were a complete coincidence. "If we had put it out on public release in December, it would have been rude to our own members," he said.

The video is a little disappointing in that it shows much of Masonic charity work but little of the ritual involving rolled up trousers legs and the baring of breasts etc.

Even the ritual is not what it was, since they cut out the tongue-tearing-out threat two years ago. There is still the rolled up trousers though: left leg for initiation, right leg for promotion, and both legs for the third degree.

Up to speed

■ A Spaniard asked an Irishman how he would say "manana" in Gaelic.

The Irishman thought for a long time and said: "I don't think we have a word that expresses quite that sense of urgency."

John Gapper reports on the implications of a fall in school leaver numbers in Britain

Sweet sixteen and getting sweeter

MR JACK SCHOFIELD, headmaster of Spurley Hey High School, harbours a simple hope for his pupils, one he has seen too often unfulfilled. "I want them to reach the privileges of being an adult slowly," he says, "not to be seduced out of school by the belief that adulthood comes with a job."

This year – as in each of the past 16 – his wish is being extended, more in hope than expectation, to 240 fifth form children at his Manchester comprehensive school. Next year and the year after that, it will go out to 60 fewer. In 1991, it will apply to 156. In 1992, it will have to stretch around only 150.

For Mr Schofield's school, in the depressed inner-city suburb of Gorton, is draining away from its roots. An exodus from the city centre is partly to blame. But the chief culprit is one over which neither Mr Schofield, nor even the Manchester education committee, holds any power. It is the ebbing tide of young people in Britain.

The post-war baby boom produced the first swell in the number of school leavers in the early 1960s. The children of that generation created a second wave of 16 to 19-year-olds, peaking in 1983 at 3.7m. Now the numbers are relentlessly on the slide: in 1994, there will be only 2.6m. The British teenager is becoming an increasingly rare commodity.

The notion is hard to grasp in a country which only a decade ago was suffering from an inexorable rise in youth unemployment, in which punk rock bands sang anthems of teenage despair and frustration, and the Government introduced the much-reviled Youth Opportunities Programme to give the surplus some training and keep them off the streets.

But the babies born to the punk generation in 1976 will be fifth formers themselves in 1992 and are likely to be singing a different song when they leave school. If there are laments, they will come from companies unable to find young people to take on, or headmasters like Mr Schofield having to plead the virtues of education against the ready option of paid work.

The Government is so concerned at the prospect that it has decided to launch a campaign to alert employers. A survey of 400 companies, carried out for the National Economic Development Office, found the majority did not realise that a problem faced them. Those who did were already planning ways to take most of the available teenagers themselves.

The employers of Manchester are not yet begging for Gorton's fifth formers. Of those leaving Spurley Hey last September, only 28 are known to have found jobs. Forty took up places on the Youth Training Scheme – the successor to the Youth Opportunities Programme – and 58 went on to further education of some kind. The rest are either unemployed, or their whereabouts unknown.

But straws are starting to blow in the wind. Ferranti, the Manchester-based electronics company, noticed a fall in the numbers applying for apprenticeships last year. The Trustee Savings Bank added Manchester to the list of places outside London and the south-east in which it was starting to find some problems in recruiting school leavers.

For Ferranti, with an annual intake in the north-west of about 40 apprentices and the same number of YTS trainees, the demographic change is not a subject for sleepless nights as yet. For employers of the size of the National Health Service or the National Westminster Bank, it is a potential crisis that personnel managers have seen looming for several years.

NatWest last year recruited 2,300 of the 40,000 18-year-olds leaving school with three A-level qualifications – already 5 per cent of the total. An even starker statistic faces the NHS, which by 1992 will need to take over half of the girls entering the labour market with the equivalent of between five O levels and one A level, if it maintains its current recruitment policies.

Such employers, with the incentive and resources to plan ahead, have come up with three strategies to maintain numbers in the next decade. First, by trying to reduce the numbers needed in particular grades. Second, by trying to

The British teenager is becoming an increasingly rare commodity

attract and retain a higher proportion of the shrinking number of school leavers. Third, by targeting other sectors of the labour market to compensate for the loss of young people.

Reducing the number required will often depend on technology. The banks are counting on local branch mechanisation to ease demands for cashiers and local office workers, traditionally both young and mostly female. Gateway, the multiple retailer, is hoping that labour scheduling systems linked to check-out scanners will allow a more economic use of staff through flexible rostering.

Some employers are starting to dilute academic requirements. The NHS is considering a Youth Training Scheme in elementary nursing for 7,000 youngsters, in the hope that 1,700 would go on to train formally as nurses. The TSB has just dropped its insistence on all recruits having four O levels in favour of a less formal entry test based on its existing staff's characters and attributes.

Much of the effort to make jobs more attractive relies on improving training. Mr Peter Fisher, Gateway personnel director, places much emphasis on the retail industry gaining approval this year for a set of qualifications approved by the National Council for Vocational Qualifications, and on Gateway's newly introduced training programme for its 68,000 staff.

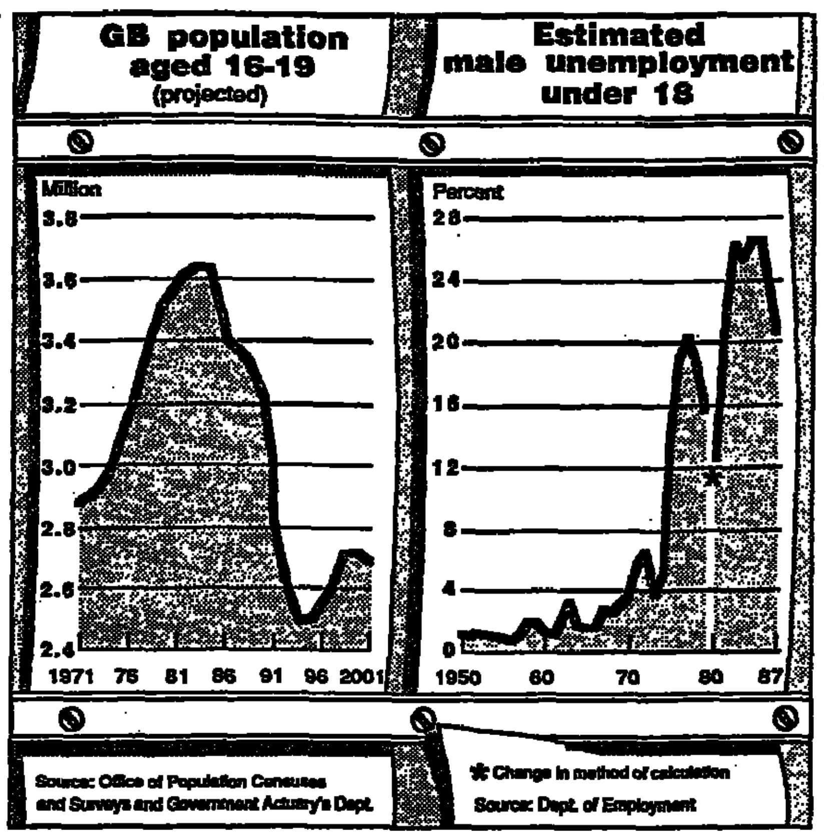
But no matter how effective such initiatives may be in gaining individual companies a larger share of the pool, they do nothing to alter the fact that the pool is getting smaller. Each of the large employers has realised that some diversion into new recruiting areas will be needed in a tightening labour market.

It is clear that untapped sources of labour already exist and will swell over the next decade. The most obvious source – apart from the long-term unemployed – is the rising number of women workers between 25 and 44. Their numbers are expected to grow from 7.7m this year to 8.6m in 1994, while the total labour force is set to expand only slightly from 27.5m to 28m. The ethnic minority workforce will also grow steadily.

The TSB is one of the few employers already taking the last point seriously. Having realised that the black and Asian communities will be a valuable source of teenagers, it is recruiting intensely in schools with a large proportion of ethnic minority pupils; its intention is to have a reputation as an equal opportunity employer when other sources of young labour start to dry up.

Most plans, however, are firmly concentrated on the so-called returners – women in their late 20s, 30s and 40s who return to work after having children. For sectors such as retailing, which have traditionally relied more heavily on this source of staff, it is irritating to find other employers starting to catch on. "That's always been our pool," says one Gateway executive, "and now everyone's trying to fish in it."

It will become an increasingly obvious one into which to dip a net. The NHS is relying on attracting back women who have left to have a child as one of the key ways of addressing the problems of keeping up the numbers of a 92 per cent female workforce. They will be one of the main targets of a planned £2.5m recruitment drive.



The banks are also targeting returners. The TSB has just introduced, and the NatWest has had in place for five years, a scheme allowing women who take career breaks a guaranteed return to the equivalent of their old job up to five years later.

But in Manchester, there is little evidence of many companies taking the problem of demographic change seriously enough to think of diverting recruitment from school leavers to other groups. Mr Simon Sperryn, chief executive of Manchester Chamber of Commerce, says: "They may be starting to think about it over their cornflakes, but they're not doing anything yet."

Even among those alert to the problem that lies ahead, there is no unanimity that efforts to tap alternative recruitment sources will be repaid. Mr Alan Wilding, personnel manager of South Manchester District Health Authority, believes there is little potential to attract significantly more returning women because part-time nursing registers already exist.

Some worry that employers will wait until shortages start to bite and then start an auction for teenagers that will threaten established training programmes. Mr Viv Bingham, divisional personnel manager at the Co-operative Wholesale Society, says: "YTS is within sight of becoming a habit in this country and there is a real danger that it could be undermined."

YTS took 333,000 – 65 per cent – of 16 and 17-year-olds in 1987/88 and the Department of Employment estimates that it will take 71 per cent – 300,000 – of those available in 1990/91. Whether that is borne out will depend increasingly on the choices made by teenagers. The omens from Spurley Hey are not encouraging: "YTS is still seen as very much a substitute for a real job," says Mr Schofield.

That is certainly the assessment of two 16-year-olds who will leave Spurley Hey fifth form to take up YTS places later this year. Gail Griffiths and Susan Taylor both applied for several jobs before settling for YTS – Gail on a college secretarial course and Susan at Kwik Save, the chain store. Susan says of the idea of staying on at school: "I just didn't fancy it, really."

In a sellers' market, whether YTS will suffer under the pressures of competition will depend on how teenagers rate it compared with other options. Will they be attracted by those companies offering them better training; or will they be diverted from accepting any extension of school into their working lives by the offer of higher wages? What will the successors to Gail and Susan fancy?

Ms Diana Jeuda, who chairs the Labour Party's youth committee, argues that it is the responsibility of training agencies and employers to ensure training is a sufficiently attractive choice in the 1990s. "Young people may not be able to articulate it very well, but they know what they want for themselves. If they reject YTS, we must accept that judgment."

Unarticulated, perhaps yet unformed, the wishes of Spurley Hey's youngest pupils will be hard for any employer to ignore in the 1990s. Such power in the hands of young people would scarcely have seemed credible in the decade of their birth, the era of the Sex Pistols and youth alienation. In the next one, the British teenager will be valued more highly.

Lombard

Lions should hunt gazelles

By Michael Prowse

WE SHOULD be rightly concerned if a pride of lions suddenly developed a social conscience. Stop cuddling helpless little creatures in the bush, we should say, and get on with the business of hunting gazelles. Much the same reaction is in order when groups of well-meaning businessmen pledge themselves to charitable causes and social action. The job of business is to make profits for shareholders, period. Social policy is best conducted by others – preferably well trained officials acting on behalf of elected politicians.

This narrow conception of the role of companies may strike many as wholly unacceptable. When governments in much of the industrialised world are winding down the post-war welfare state, assistance for the poor and under-privileged should surely be welcomed, whatever its source. Surely the revival of business philanthropy – as heralded in this week's pledges by the British-American Conference on Private Sector Initiatives – is something that everybody, left or right, religious or secular, can whole-heartedly support? Caring capitalism, after all, must be superior to uncaring capitalism.

Nothing could be further from the truth. The rise in business philanthropy is objectionable in the first place because it will lend support to the Thatcher Government's attempt to replace welfare programmes with private charity. The withdrawal of the state is supposed somehow to lessen people's sense of "dependency". In reality it will do the opposite.

Charity is something which the supplicant is expected to receive with humility and gratitude. The rise of government-funded social programmes in the post-war period reflected a conviction that the disadvantaged should not be forced into this demeaning posture. As incomes rose, the hope was that conditional state support could eventually be replaced by some kind of unconditional "social dividend". This liberating vision of support "as of right" for citizens in need is receding rapidly; in its place the Government is promoting what amounts to a form of begging – the direct dependence of the poor on the good works of the rich.

It is depressing that companies should want to play their part in this reversal of social progress. And it is unlikely that they will do so efficiently. When companies involve themselves too directly with the welfare of their workers – let alone with the affairs of their local communities – they tend to make a mess. Look at pensions. Company-run schemes are heavily criticised for penalising "early leavers" and undermining the mobility of workers. Yet this is almost an inevitable consequence of expecting a company to look after the interests of retired employees; it is bound to want to reward the loyal and the long serving.

Companies, of course, should never have got involved with pensions. State schemes can offer perfect mobility and much better security in old age. But industrialists became involved for exactly the same reason that they are now contemplating large-scale charitable activity: because the state was failing to perform its duties adequately. If the National Health Service deteriorates further, they may also be sucked into the provision of medical services for employees. Yet the tying of medical provision to employment would be grossly inefficient because people mainly need treatment after they have retired.

Some company chairman see no desirable limit to their paternalistic role. For them, the provision of cradle-to-grave welfare services for loyal employees is not enough, they also want to wield power in their local communities by playing a bigger role in town planning, education and social policy generally.

This creeping "industrialisation" of our social lives is being actively encouraged by ministers, but it should be staunchly resisted. The economic principle of division of labour suggests that chairmen should stay in their boardrooms and worry about their companies' performance. Indeed, in a fully competitive market they should have neither the time nor the cash to do otherwise. Instead of handing over their social responsibilities to the unqualified, governments should ensure that the lions are fully occupied hunting game.

Letters to the Editor

Tax burden on labour

From Mr J. P. Read.

Sir, With reference to Mr Samuel Brittan's article (April 21) in which he pointed out, in particular, that the proposed poll tax, by adding to the forces which raise house prices, will damage the labour market, there appears to be a fundamental principle that, apparently, has been either completely overlooked, or only partly appreciated, by governments for several generations.

This principle is that any reduction in tax on land can only be made good by a corresponding increase in tax on labour, if taxation revenue is to be maintained.

From this viewpoint, although the rates can be considered a relatively unsatisfactory form of taxation, in that they are calculated by reference to improvements instead of site value alone, they are recoverable from the ownership of the property and not from wages. With the introduction of a poll tax, there will inevitably be a tendency for the price of houses to increase on the one hand and for higher wage claims to be made on the other. It is noted that it has been specifically stated by the Government that, if a poll tax is introduced, any action for recovery will be by reference to wages.

The result of this will be that an increasing amount of taxation will be drained by the Government from areas with low land values (and, therefore, of low value economically) causing that land to become even less valuable, if not worthless, with a corresponding rise in the value of other land, particularly where rates are no longer payable and which is used for purposes which do not require relatively intensive labour usage.

Since the 1940s, the form of employment taxation (PAYE and National Insurance Contributions) has enabled successive Governments to increase the real tax burden and to tax many millions of people who previously did not have to pay tax on their wages.

Ultimately, these taxes are borne by production and passed on in inflated prices to consumers. It would, therefore, appear that the effect of the poll tax will be inflationary, destructive of jobs and of benefit principally to those who not only have to pay less rates, but find that the value of their property increases disproportionately to others as a result.

J. P. Read,
St Annes,
8 Turner Drive, NW11.

To bridge the teaching gap

From Mr D. Dale.

Sir, At the end of your Leader ("Higher standards in British schools", May 3) you mention that teacher supply "is worse still in maths and physics . . . It will not be possible to raise children's standards without first improving those of teachers." When we remember that all engineers, from civil through to electronic, need A-level physics before they start their specialist training, and also that university physics departments are closing down for lack of entrants, then we realise that the position is desperate.

Quite extraordinary measures are required. Kenneth Baker should change his mind, should pay teachers of these subjects substantially more than those of others, should encourage teachers of other subjects to take conversion courses, and should pay an extra university grant of, say, £500 a year to encourage suitably qualified sixth formers to read these subjects.

All objections to these measures should be ignored as they are essential for the survival of British industry.

Douglas Dale,
"Birch Crest",
97 Hilderstone Road,
Meir Heath,
Stoke-on-Trent.

An odd way to help consumers

From Mr R. Corley.

Sir, Your report "About-turn in the life assurance market" (April 28) mentions the influence of the European Community in causing the commission agreement to be dismantled.

How odd! When the life assurance industry in this country imposes a maximum commission agreement on itself to protect the consumer against the bidding up of commissions and to ensure that the independent financial adviser is seen to be impartial, the European Commission labels it a price-fixing cartel.

When some of the countries in continental Europe have maximum commission levels fixed by government agencies after consulting the industry, presumably also in order to protect the consumer (although unbiased advice is a bit difficult to find in most of these countries), the European Commission is unperturbed.

Why should this be? Could it be that the Commission, like the Office of Fair Trading in this country, does not understand how consumer protection really works – and how it can be destroyed by concentrating blindly on "competition"?

Roger Corley,
15 St James's Square, SW1.

Athens safe for the Games

From Mr Grigoris Arzoglou.

Sir, Certain remarks quoted in your report about the Athens bid to host the 1996 Olympic Games, "Two Cities compete for the 1996 Olympics (April 29), cannot go unchallenged. You reported Mr Denis Howell MP as saying that there were problems about security and finance which might jeopardise the candidacy of Athens.

On the first point I would simply like to say, without fear of contradiction, that Athens is at least as safe as any other leading European city. Indeed we are able to take pride in a society that is still relatively free of violent crime.

As for the ability of Athens to finance the event, the entire infrastructure is due to be ready for the 1991 Mediterranean Games, five years before the Olympics. The new Olympic Stadium itself has been in use since before the successful European Championships of 1982.

The three major international athletics championships that we have hosted during the last six years, including the inaugural World Junior Championship in 1986, provide ample evidence of Greece's fitness for the job. Nor did any security problems arise at any of them.

Grigoris Arzoglou,
Embassy of Greece,
1a Holland Park, W1.

The UK Retail Export Scheme has been amended

From Mr Graeme Hammond.

Sir, Mr Earnshaw (Letters, April 18) criticises the UK Retail Export Scheme.

Refunds of VAT paid in respect of goods subsequently exported under the scheme are not made by Customs but are the responsibility of participating retailers. Mr Earnshaw may have had unfortunate experiences of retailers failing to make refunds, but this is a commercial matter and no doubt he will avoid the defaulting shops on future visits. Many retailers make a charge to cover their administration costs but this too is part of the commercial transaction.

Customs officers at departure points make every effort to certify forms if they are presented with the goods by an entitled visitor from outside the European Community. (In the case of Community travellers, certification is not carried out until importation into the other member state). Customs local management would be pleased to investigate any specific complaints about refusals to certify forms by their staff.

Mr Earnshaw is mistaken in believing that there is a three-month time limit in which to make a claim. While only three months are allowed between purchase and departure with the goods, provided export has been certified a delay in returning the form does not affect the entitlement to refund.

Mr Earnshaw and others may like to know that from the beginning of last month the UK Retail Export Scheme has been amended to allow participating retailers to use properly constituted invoices as an alternative to the official forms.

Graeme Hammond,
HM Customs & Excise,
New King's Beam House,
22 Upper Ground, SE1

From Mr A. M. Christensen.

Sir, The experiences of your correspondent, Mr Earnshaw (Letters, April 18) are certainly not isolated. However, on those occasions when I have used the VAT reclaim service, I have found it advantageous initially to charge the goods to a credit card, and request that the VAT refund be credited to the particular credit card. In this way, as the retailer has the benefit of the returned commission, there is an incentive for action to be taken to process the VAT refund form.

It is worth noting that the John Lewis Partnership will provide the service without any "administration charges", and will give the refund immediately upon receipt of the returned claim form.

A. M. Christensen,
La Falaise,
Mont Arthur,
St Aubin,
Jersey, Channel Islands

FINANCIAL TIMES
Friday May 6 1988

Carlucci moves to calm Nato defence row

BY STEWART FLEMING IN WASHINGTON

MR FRANK Carlucci, the US Secretary of Defence, yesterday urged America's allies to do more to share the burden of defending the West. But in a speech in New York he argued that the debate about burden-sharing *should not be couched* in terms of "an indictment against our allies to justify our doing less."

The increasing pressure on the US defence budget has helped stimulate an intense debate in Washington over the extent to which America's allies, particulary those in Nato, ought to be doing more to pay for the defence of the West.

It is a theme which has echoed throughout the presidential campaign as most of the candidates *have argued for the* defence burden to be shared more equitably.

This week Mr William Taft, the *Deputy Defence Secretary*, is touring allied capitals to discuss burden-sharing issues.

Mr Carlucci said in his speech, *however, that* the Administration's latest assessment of the burden-sharing balance – which he has just sent to Congress – concludes that "our allies continue to make a substantial contribution to the common defence, considerably more in fact than *they are often given credit* for."

But he added, "even taking their contributions into account many of our allies can and should do more . . . We need also to understand that what we spend on defence must always serve a strategic *purpose*."

"There is," he added, "no fixed percentage of gross national product that we must spend on defence. What is necessary is a willingness on the part of every alliance member to fund the defences that meet the force goals and alliance *missions it has agreed to* undertake."

Mr Carlucci rejected arguments that the US is a nation in decline whose economy cannot sustain the defence burden it has shouldered. Such arguments he suggested are not "diagnoses" but "symptoms of very *serious change* in the way we approach international affairs and our national security.


US experts do not expect the Moscow summit to produce such positive results as President Reagan and Mr Gorbachev's previous meetings in Washington (left) and Reykjavik (right)

Prospects for an arms breakthrough in Moscow seem slight, reports **Stewart Fleming**

Summit could be an anti-climax

AS THEY try to assess the prospects *for further progress* on arms control at the summit meeting between US President Ronald Reagan and Mr Mikhail Gorbachev, the Soviet leader, in Moscow this month, many US experts are coming to the conclusion that this President's greatest achievements are already behind him.

Barring a repeat of the sort of *dramatic (and, at this late stage,* undesirable) negotiations conducted by the two leaders in their face-to-face dealing at the Reykjavik summit in Iceland in 1986, the Moscow meeting, it is argued, is unlikely to result in significant movement towards the 50 per cent cuts in long-range strategic nuclear weapons that are currently at the top of the arms con*trol agenda.*

A Moscow summit without an arms control "success" will leave Mr Reagan (and Vice-President Bush, who is bidding to succeed him) with a presentation problem. A successful summit is something American voters have been led to expect.

Just how big a summit presentation problem will be deter*mined in part over the next few* weeks, not in the White House or in Geneva, where the strategic arms reductions talks are mired in a technical morass, but in the US Senate.

Next week the Senate is scheduled to begin its floor debate on whether to ratify the Intermediate Nuclear Forces (INF) Treaty which Mr Reagan and Mr Gorba*chev signed during their* Washington summit in December.

Failure to ratify the INF treaty, which calls for the abolition worldwide of missiles with a range of 300 to 3,400 miles, would cast an even bigger pall over the proceedings in Moscow than that *looming over the expected lack of* movement on long-range nuclear weapons.

It could mean that the treaty would never be ratified. It would also intensify tensions within the Western alliance if Washington were again to fail to bring an agreed arms control accord to completion. And it would give Mr Gorbachev another opportunity to put Western *governments on* the defensive on issues of war and peace.

The relatively smooth sailing the INF treaty has had through the committee stage in the Senate has tended to create the impression that it would be approved on the Senate floor, if *not on the nod, at least with a* minimum of fuss.

In the last few weeks, however, the possibility that the Senate might finally baulk at approving the treaty has led the White House to issue stern warnings about the problems this would create in Moscow. Some on Capitol Hill are predicting that a period of brinksmanship lies *ahead as the White House and* the Senate wrestle to resolve four issues which could derail the ratification process in the Senate.

One of the issues arises out of a dispute with Moscow about what inspectors can and cannot do in verifying the INF accord. It is an issue which, in principle at least, should be readily resolvable by the superpowers.

There are, however, a number *of other disagreements between* influential senators and the White House. There is unhappiness in the Senate armed services committee, *chaired by Senator* David Boren, that the Adminis*tration has not earmarked in the* defence budget the several billion dollars which the committee believes will be needed to put the additional intelligence satellites into space to help verify the INF accord.

Here *too*, however, experts on Capitol Hill argue that a compro*mise should not be too difficult to* achieve.

But on the other two issues, both of which revolve around futuristic weapons technology, compromises could be more difficult to reach.

The INF treaty simply ignored the question of the applicability of the accord to futuristic weapons such as cruise missiles *equipped with lasers rather than*, say, nuclear bombs. An exchange of letters between Moscow and Washington on this issue, under which Moscow appeared to accept that such weapons were indeed banned by the treaty, has not resolved the question. Indeed, it has focused attention on the issue of what is a weapon.

The other unresolved question is whether or not the Administration has the right (which in effect it has claimed under the 1972 Anti-Ballistic Missile Treaty) to *reinterpret* a treaty in a way which many senators believe is *not compatible with the representations* made to Congress at the time the treaty was presented to the Senate for ratification?.

While this question *is being* posed in the context of the INF *treaty, some on* Capitol Hill would like to see the answer apply to the ABM treaty as well, for that would achieve their goal *of limiting testing of equipment* for the Strategic Defence Initiative too. The White House is insisting that SDI is inviolate.

On this question the Administration may profit from the misfortune of Senator Joe Biden, who had to go into hospital for an operation this week and will not *therefore* be on hand to *lead* the fight against the Administra*tion's position.*

Senator Sam Nunn, the most *influential* senator on arms control issues, is no less interested in the constitutional questions surrounding treaty ratification than Senator Biden.

But, says one arms control expert, he may be more willing then *Senator Biden* to reach a practical compromise with the *White House which, while negoti*ations with the Soviets continue, does not tie the White House's hand any more than is already the case on the question of what testing of equipment for SDI is allowed under the ABM treaty.

If this is so, then some time before he heads off for Moscow on *May 25 Mr Reagan* will know that he will be able to put the *final touches to the INF treaty* when he arrives.

Then the challenge facing the White House "spin control" artists will be how to gloss over the fact that the issues facing the superpowers on the question of strategic arms reductions are too complex for a president so close to the end of his term to be able to resolve, particularly at a time *when there is so much uncer*tainty in the West about future military strategy and who should pay for the weapons needed to implement it.

Superpower peace pact for Angola hinted at by Cuba

By Michael Holman in London

CUBA'S representative at this *week's four-country talks about* the war in Angola and independence for Namibia yesterday raised the prospect of an internationally guaranteed regional peace plan.

Mr Jorge Risquet Valdes, a *senior member of Cuba's polit*buro, hinted at a superpower pact endorsed by the UN Security Council, and proposed a verification process to ensure that Cuba met a commitment to withdraw all its 40,000-strong force from Angola. Mr Valdes said that, if the political will existed on all *sides, "there will be a settle*ment." He also spoke of his "moderate" optimism about the negotiations.

He offered *outside* verification of Cuban withdrawal in order to prove "our good faith, seriousness and determination", *but did not elaborate.*

Two days of talks in London attended by the US, South Africa, *Angola and Cuba ended on* Wednesday after officials reported progress. The parties, who had come together for the first time, agreed to meet again in the next few weeks.

The US and South Africa have insisted *that* Cuban troops be withdrawn from Angola as a pre*condition of the implementation* of a 1978 UN plan to bring independence to Namibia. Angola and Cuba reluctantly accepted this linkage in 1984.

Much of what Mr Valdes said during a 40-minute press conference in London yesterday was not new. He disclosed that the *20,000 Cuban troops in southern* Angola and the 15,000 in the north had been reinforced since renewed fighting began last October, but would not give the latest figures. Most observers put the current Cuban strength at 40,000.

He also confirmed reports that Angola and Cuba had agreed in talks last March with Dr Chester Crocker, the US assistant secre*tary of state for Africa, to a total* withdrawal over four years, *replacing a vague commitment* to end the Cuban presence when security conditions permitted.

But the constructive tone of his comments, and the insights he offered into what could be discussed at the next round of talks, sustained cautious hopes that a resolution of the complex *regional dispute might be within* reach.

Mr Valdes *stressed* the conditions for Cuban withdrawal: implementation of UN resolution 435, which envisages a phased South African troop withdrawal from Namibia and independence for the territory; an end to US and South African support of Unita, the rebel movement fighting the Angolan *Government*; and "assurances that Angola will not be attacked again."

He declined to talk about details of what was discussed at the London talks. But answers to questions gave an inkling of behind-the-scenes negotiations which may help break the decade-long deadlock.

Mr Valdes raised the possibil*ity that the Soviet Union could be* one of the guarantors of regional security, a suggestion that is seen in the context of Moscow's close involvement in the London meeting. Mr Anatoly Adamishin, the deputy Soviet foreign minister, held talks in London last week with Dr Crocker, who spoke of "evolving" US-Soviet concern about southern African issues. *Such a regional security guaran*tee would conceivably include non-aggression pacts between South Africa and Namibia and Angola.

Other UN members could also play a role, he said, notably *Britain, Canada*, France and West Germany, who, together with the US *have made co-ordinated* efforts to implement the UN plan for Namibia.

He dealt cautiously with the future role of Unita, the South African-backed rebels. The US is insistent that Dr Jonas Savimbi, *the Unita leader*, should have a role to play in post-settlement Angola. *All Mr Valdes would say* is that once US and South African support to Unita ended, the civil war would become an internal problem "and Angolans should find a solution to it."

THE LEX COLUMN

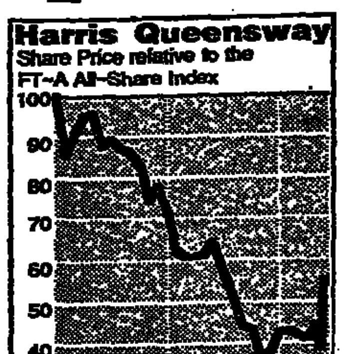
The high price of promise

Anyone who believes that the *stock market* cannot take a long-term view should consider the following. Around half of Wellcome's market value is attributable to its Aids drug, Retrovir. In the first half of the current year Retrovir contributed nothing to Wellcome's profits, and only £40m to sales. At yesterday's market value of £4bn, Wellcome is worth more than GEC.

Without Retrovir, Wellcome ranks as a slightly above-average drug company in growth terms, deserving a prospective multiple of perhaps 16, against a sector average of 14. In fact, its multiple is 32. Hence the implied value for Retrovir of £2bn, which need not be as fantastic as it sounds. Five years ago Glaxo's multiple was about 30, as it began to build up sales of Zantac, now the world's *biggest-selling drug*. Wellcome is smaller now than Glaxo was then, and in five years' time Retrovir could be bigger than *Zantac*.

Then again, it could be worth nothing at all, or anything in between. Yesterday's announcement put another 5 per cent on the shares to 479p, mainly because of optimistic noises about future use of the drug on asymptomatic carriers of the virus, *taken to outnumber* Aids patients proper by 50 to 1. But it could turn out that asymptomatic patients are better treated by immunomodulators such as Du Pont's Ampligen; or Retrovir could in time be supplanted entirely by a competing anti-viral, such as Bristol Myers' DDA.

It follows that on a long view, no fundamental value can be *assigned to Wellcome's shares at* all. On the other hand, one can sympathise with the harassed fund manager who cannot risk being out of the stock entirely. The simple answer is probably to give it a neutral weighting in the fund. After all, it is not quite an all-or-nothing game; at worst the shares should only halve, and they might just double.



Hongkong Land

It may have taken over *six* months to get the forced sellers *together with the keen buyer in* the Hongkong Land affair, but it appears to have been time well spent. Quite apart from the amusement value for the market of the struggle between the so-called "Chinese syndicate" of Hongkong Land shareholders and Jardine Matheson, the rivals have struck an agreement with *something in it for everyone.*

On the face of it, Jardine *Matheson* has more to be proud of. It has ended up with a bigger chunk of a high quality asset, purchased at a 23 per cent discount to Hongkong Land's fully diluted net asset value of $11.50 per share – and with a long-term hands off agreement from the erstwhile predators thrown in to boot. But the *syndicate* bought out by Jardine has not wasted its *efforts* either: after doggedly averaging down the cost of its Hongkong Land stake by buying post-crash shares at around HK$7 to match pre-crash holdings purchased at closer to HK$11, it is probably little worse off if at all at the take-out price of HK$8.95.

The main casualty for the *moment seems to be the Hang* Seng index, which fell 2.4 per cent after yesterday's deal. Today could see another decline but any setback should be only temporary. The property market is touching new highs while the index – 30 per cent of which is property-related – is still a third below its pre-crash peak. On that basis, Hong Kong is looking cheap.

Harris Queensway

Sir Phil Harris' uncharacteristically lifeless account of how his company intends to climb out of its deep hole suggests he does not expect to implement that plan himself. The announcement of a bid approach may in itself suggest that he is in principle wiling to sell his stake; while GUS's loyal talk yesterday seemed just to be going through the motions.

Yet the market, which has learnt to expect the worst from Harris Queensway, was right to retain a little scepticism, and a 46p rise to 171p leaves the shares some 30p lower than what 8m sq feet of retail space should command in the giddy retail market. Part of the problem is the anonymity of the bidder: with the usual band of Woolworths, Sears and Mountleighs deemed improbable, candidates as unlikely as Michael Abrahams of Crowther, or Ladbroke, are being half-heartedly suggested instead. As most retailers are too well aware of Harris's problems to be interested, and in any case have enough worries at home in propping up their own ratings, an outsider perhaps seems most likely.

The prospects for Harris should the bid fall through also argue for caution. To produce £16m profits after having indicated £32m in October and £60m a year ago demonstrates the extent of loss of control. It could be said that at last the company has produced a clean set of accounts which clearly states the worse, and that the new management is finally addressing the problems caused by rash and ill-judged expansion. But as the record of the new managers is untested, and as the real surgery will take years rather than months, a failed bid might not be the last in the line of disappoint ments.

GPG

Despite Equiticorp's protestations that it was a long-term owner of GPG, its own financial pressures always seemed to suggest otherwise. The only real surprise is that it was the Inland Revenue, rather than the Bank of England, which forced it to declare *its true intentions*. There is still an outside chance that the Revenue will reverse its decision, enabling the group to meet the Stock Exchange deadline for an early flotation of the investment bank. But this seems unlikely, and for the umpteenth time in its history GPG's future is once again up in the air.

The sale of the GPA stake – one of the last really valuable assets left – should net the *group around £90m, and it is* hard to visualise any potential predator paying much above the current 80p share price when groups such as Morgan Grenfell offer better value. The ideal solution would be for a strong independent shareholder to appear, enabling Equiticorp to liquidate at least part of its stake. But given the group's tortuous past, this might require some arm twisting by the authorities.

French exports improve

FRANCE produced its biggest trade surplus for 15 months in March, a sharp contrast with February's large deficit, Reuter reports from Paris.

The trade balance swung to a FFr1.8bn ($315m) surplus in March from a FFr5.2bn deficit in February, mainly because of a sharp rise in industrial exports.

The 10.5 per cent rise in industrial exports is good news for French business and workers. Farmers and *processors exported* FFr3.2bn more food and farm products than were imported, about the same as in February.

Opinion polls are banned in the final week of the French presidential campaign, making it hard to judge what effect the hostage releases and the trade figures *might* have on Sunday's vote.

Kraft sheds Duracell in $1.8bn sale to managers and investors

BY JAMES BUCHAN IN NEW YORK

DURACELL, the world's leading *manufacturer of alkaline batteries* for the consumer, is to be sold to its management and Wall Street investors in a deal worth $1.8bn.

The company, which controls *about* one-fifth of the highly competitive world battery market on annual sales of $1.1bn, has been owned since 1980 by Kraft, the Midwestern food manufacturing group. But Kraft said yesterday that it wanted to concentrate *wholly on its $10bn-sales food* business.

The purchaser is Kohlberg Kravis Roberts, the powerful Wall Street firm which has made a speciality of helping manag*ements buy their businesses* in so-called leveraged buy-outs.

Mr Henry Kravis, one of the three founding partners of the firm, said yesterday: "Today's agreement is the first step in the creation of a great new independent consumer products company."

Duracell, which reported net profits of $53.9m last year, is No 2 in the $2bn US battery market behind Eveready, which is owned by another big food group, Ralston Purina of St Louis.

Although Duracell has only half of Ralston's share of the overall US market, it enjoys a slight edge in the fast-growing alkaline battery sector, with about 41 per cent in the US and about 46 per cent worldwide.

Eveready, which Ralston *bought from Union Carbide for* $1.4bn in 1986, is a separate business from British *Ever Ready of* the UK, which is *owned* by Hanson.

Wall Street analysts yesterday said that Kohlberg Kravis was paying a steep price for the Duracell business and its growth prospects. "But it's not often you can buy straight into an oligopoly and one that's growing," said Mr John McMillin, an analyst at Prudential-Bache.

Duracell went through a large-scale reorganisation after a downturn in earnings in 1986 and Kohlberg Kravis said yesterday that Duracell's operating income *in 1987* was $140m.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	20	68	Dubrovnik	F	9	48	Malta	C	24	75	Rhodes	S	21	70
Algiers	S	24	75	Edinburgh	C	13	55	Manchester	C	14	57	Rio de Jo	C	33	91
Amsterdam	F	13	55	Faro	C	17	63	Manila	S	37	99	Rome	C	25	77
Athens	S	21	70	Florence	C	24	75	Melbourne	C	18	64	Salzburg	F	20	68
Bahrain	S	32	90	Frankfurt	F	20	68	Mexico City	C	28	82	San Francisco	F	9	48
Bangkok	R	32	90	Funchal	F	20	68	Miami	S	21	70	Seoul	S	21	70
Barcelona	F	18	64	Geneva	F	17	63	Milan	F	19	66	Singapore	S	32	90
Beirut	C	23	73	Gibraltar	R	15	59	Montreal	F	12	54	Stockholm	C	10	50
Belfast	F	13	55	Glasgow	F	13	55	Moscow	R	20	68	Strasbourg	F	18	64
Belgrade	C	26	79	Guernsey	S	12	54	Munich	F	19	66	Sydney	F	20	68
Berlin	F	20	68	Helsinki	C	13	55	Nairobi	F	25	77	Taipei	R	27	81
Biarritz	F	20	68	H Kong	C	28	82	Naples	F	30	86	Tangier	R	16	61
Bombay	-	-	-	Innsbruck	F	21	70	Nassau	C	27	80	Tel Aviv	S	25	77
Bordeaux	F	19	66	Inverness	F	13	55	New Delhi	S	37	99	Tenerife	F	20	68
Brussels	F	16	61	Islamabad	-	-	-	New York	R	12	54	Tokyo	C	19	66
Budapest	C	16	61	Istanbul	F	20	68	Nice	F	19	66	Toronto	C	8	46
B Aires	F	17	62	Jakarta	R	32	90	Nicosia	F	29	84	Tunis	S	37	99
Cairo	S	28	82	Jersey	S	16	61	Oporto	C	19	66	Valencia	F	20	68
Cape Town	S	21	70	Jo'burg	F	17	63	Oslo	C	9	48	Venice	F	19	66
Caracas	C	30	86	Lima	F	25	75	Paris	C	18	64	Vienna	S	21	70
Casablanca	R	18	64	Lisbon	R	18	64	Peking	S	23	73	Warsaw	F	19	66
Chicago	F	17	63	London	F	15	59	Prague	F	20	68	Washington	C	5	41
Cologne	F	19	66	Los Angeles	C	13	55	Reykjavik	C	3	37	Zurich	C	15	59
Copenhagen	C	11	52	Luxembourg	F	17	63								
Corfu	S	22	72	Madrid	C	14	57								
Dallas	-	-	-	Majorca	S	26	79								
Dublin	C	13	55	Malaga	C	18	64								

Readings at mid-day yesterday

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Paris may renew contacts with Iran

Continued from Page 1

cern that France had done a deal with the kidnappers or with Iran, which is known to support them.

Yesterday, Iran said the hostages' release had been made possible by Tehran's intervention. Mr Ali Reza Moayyeri, Deputy Prime Minister for Political Affairs, told Tehran television that Iran had interceded on the *hostages' behalf* "for humanitarian reasons."

*There was widespread specula*tion that France might have *agreed to repay $330m outstand*ing on a loan contracted with Iran while *the Shah was still in* power, to secure the release of the hostages.

Mr Denis Baudouin, an aide to Mr Chirac, confirmed yesterday that France was preparing to pay back the rest of the loan. He said that details of the final instalment still had to be settled, but that the loan would be repaid. France could argue that such a repayment was not a ransom in the proper sense of the word.

Mr Chirac said that now the hostages were free, France could *consider* restoring diplomatic relations with Iran, which were broken off last *summer*.

In London, Mrs Thatcher emphasised that, as far as the British Government was concerned, there had been no change in policy on terrorism and hostage-taking. "We will not pay ransom or make any particular payment of that kind in order for hostages to be released," she said.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Friday May 6 1988

Pilots offer to buy out Allegis for $2.4bn

By Roderick Oram in New York

ALLEGIS has received a takeover offer from the pilots of its United Airlines subsidiary, one of the largest US carriers, which would be by far the largest employee buyout in the US.

The pilots, led by Mr William Howard, who built Piedmont Aviation into a leading regional airline, are offering $110 a share cash for Allegis. This would give it a $2.37bn stock market valuation.

The pilots said their financial advisers, Chemical Bank and Salomon Brothers, were highly confident they could raise $4.06bn to buy Allegis' stock, refinance its debt and cover takeover costs.

Mr Howard acknowledged, in a letter to Mr Stephen Wolf, Allegis' chairman, that the bid could proceed only if provision for a labour agreement between the airline and its machinists union were nullified by a court action the pilots initiated last week.

If a bidder buys more than 20 per cent of Allegis, the *union could reopen contract* talks with the airline, lock in an 11 per cent annual pay rise, strike or take other steps to make it less attractive to new owners.

The pilots, who said they could save $350m a year in labour costs, hope to interest the machinists in joining the buyout.

Following the takeover, Allegis would be owned by one or more employee share ownership plans which, as Mr Howard wrote to Mr Wolf yesterday, offered tax benefits over other forms of takeover.

Allegis has refused to negotiate with the pilots since they raised the buyout question a year ago.

The company said it would not comment until its board had reviewed the offer.

Noranda Forest to invest C$450m in Tasmanian venture

BY ROBERT GIBBENS IN MONTREAL

NORANDA FOREST, the pulp and paper arm of Canada's Noranda resources group, is investing about C$450m (US$364m) in a new C$900m pulp mill in Tasmania with annual capacity of 440,000 tonnes yearly.

It is also buying a Scottish wafer-board plant for C$30m. The plant has a capacity of 95,000 cu metres and Noranda is confident of the forest resources in Scotland and Northern England. The plant is owned by Highland Forest Products.

Noranda will invest about C$200m in equity in the Tasmanian venture over the next two or three years for a 50 per cent stake, while the rest of its investment will be financed through debt.

Noranda's partner in the big Tasmania mill is North Broken Hill Holdings, the Australian resources group which already operates a large paper mill in Tasmania. The new mill is due to start up in 1991 or 1992 and the bleached pulp, which is intended mainly for export, will be based on fast-growing eucalyptus fibre.

Eucalyptus pulps are already made in Brazil and Portugal and are blended with northern softwood pulps for paper-making.

Several large Canadian companies are investing in joint ventures in the US, Latin America, Europe, and Asia for pulp and paper manufacturing, including CIP, Great Lakes Forest Products, and Consolidated Bathurst.

The Canadian Paperworkers' Union has charged the companies with using profits from taxpayer-subsidised domestic projects to invest in foreign ventures, so exporting Canadian jobs.

However, the companies say pulp and paper have become a global industry and they can no longer supply foreign markets entirely from home. They say they are continuing to invest billions of dollars in Canada and taxpayers' funds are not being used for foreign ventures.

Noranda Forest also announced a rise in first-quarter net profits from $42.2m or 49 cents a share to $62.9m or 60 cents, on revenues up from $1.01bn to $1.1bn.

Banco Safra wins contest for key stake in Aracruz

BY JOHN BARHAM IN SAO PAULO

BANCO SAFRA, one of Brazil's five biggest banking groups, has won a controversial contest for a key stake in Aracruz, the country's largest and most successful paper and pulp company.

Safra this week paid $134m for 26 per cent of the voting stock in Aracruz. This puts the bank on an equal footing with BAT Industries' Brazilian subsidiary, Souza Cruz, which also owns 26 per cent of Aracruz. The shareholders have agreed that the partners cannot increase their stake above this level before the year 2008.

The hotly-contested sale was possibly the last chance to buy a large stake in an expanding and successful company operating in one of Brazil's most dynamic sectors.

Last year, the company reported sales of $250m, a rise of 40 per cent over 1986. Its 1987 net profit also rose 40 per cent to $83m.

The Government's National Economic and Social Development Bank sold the shares, reducing its stake in the company to 15 per cent. Billerud of Sweden holds 5 per cent of the voting capital and other minority Brazilian shareholders have the remaining voting stock.

KaiserTech faces two likely bid attempts

By Louise Kehoe in San Francisco

A TAKEOVER BATTLE for KaiserTech, the US aluminium manufacturer formerly known as Kaiser Aluminum, appears imminent. Yesterday the company appointed an independent group of directors to consider offers to acquire the company and indicated that at least one offer was expected.

Simultaneously, the Maxxam Group, led by Mr Charles Hurwitz, the Houston investor – which currently owns or has options on about 31 per cent of the company's stock – said it "expects" to make a bid for the company although no final decision has been made.

A group of KaiserTech managers is expected to mount its own bid to acquire the company through a leveraged buyout.

After a delayed opening, KaiserTech shares rose from a Wednesday closing price of $15⅛ to $17⅝, which values the company at about $800m.

KaiserTech's move was seen as an attempt to fend off a *takeover by Maxxam* which bought its KaiserTech shares from Mr Alan Clore, company chairman and son of the late Sir Charles Clore, and his creditors.

KaiserTech has filed a suit against Mr Clore disputing his right to nominate several representatives of Maxxam to the company's board of directors.

Mr James S. Pasman, KaiserTech president and chief executive, said that given the uncertainty over the future direction of the company resulting from Mr Clore's sale of his stock to Maxxam, and the possibility of protracted litigation, "it makes sense to explore the possibility of a transaction which would offer all of the company's stockholders a fair price for their stock."

Guinness Peat Group to drop plans for demerger

BY DAVID LASCELLES, BANKING EDITOR, IN LONDON

GUINNESS PEAT Group, the London-based financial services group, has been forced to abandon *plans for a demerger after* being told by the Inland Revenue that it would no longer qualify for tax clearance.

The revenue ruling, against which GPG yesterday said it intended to appeal, is potentially a serious setback for Equiticorp of New Zealand which owns 61 per cent of the company. Equiticorp's chairman, Mr Allan Hawkins, *is under pressure to realise* part of his company's investment and reduce its high level of debt.

In February, GPG announced plans to break the group into three parts, later modified to two parts, and seek separate listings for each of them on the Stock Exchange. It said this structure would enable each of its components – merchant banking, insurance broking and fund management – to operate more effectively.

The plan had deep-seated tax implications because GPG shareholders would be given shares in the newly listed companies in the *form of dividends which could* attract tax of £20m to £30m ($36m to $54m). However, the Revenue granted an exemption from Advance Corporation Tax after receiving assurances from Equiticorp that the demerger was part of a strategic restructuring of GPG and not a prelude to a partial sale.

More recently, however, Equiti*corp's management in Auckland* decided it would have to sell part of GPG in order to reduce the size of its assets and bring down its gearing. It informed the Revenue of this change of plan, whereupon the tax clearance was withdrawn last Wednesday.

Mr Geoffrey Bell, deputy executive GPG chairman, said yesterday the company would still go ahead with a reorganisation, but might now have to abandon plans for a separate listing.

In particular, GPG intends to sell its 14 per cent stake in Guinness Peat Aviation, its highly successful aircraft leasing affili*ate based in Shannon, Ireland.* The sale, which is being handled by Citicorp Investment Bank, is expected to realise at least $170m after making provision for a $22m tax liability. This would enable GPG to repay all its borrowings.

Under the revised GPG plan, Guinness Mahon, the merchant bank, will operate under its own holding company with a separate balance sheet, board and management, and be "the flagship of the group", Mr Bell said.

Unless the tax ruling is reversed – which Guinness Peat executives consider unlikely – Equiticorp may have to realise substantial losses on its investment, which it acquired in a bitter battle last year.

It bid 115p for its GPG shares; these closed yesterday at 80p, up 5p on the day.

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Harris Queensway reveals bid approach as profits fall by 61%

BY MAGGIE URRY IN LONDON

HARRIS QUEENSWAY, the UK home furnishings retailer, yesterday reported a 61.2% fall in pre-profits from £43.4m to £16.8m , excluding property profits. However, attention was drawn from the results - which were sharply *lower than expected - by news* that a third party had made an approach which might lead to a bid.

The company's shares rose 46p to 171p, capitalising the group at £402m ($723m).

Sir Phil Harris, Harris Queensway chairman and son of the company's founder, said the unsolicited approach had come within the past few days.

It had been announced because the board had a fiduciary duty to tell shareholders. He declined further comment.

Rumours of possible bidders quickly circulated, although analysts said no one company was the obvious candidate.

Great Universal Stores, which *owns 23.4 per cent of Harris* Queensway, was ruled out as a bidder. However, observers argued that the stake, together with Sir Phil's personal holding of 16.5 per cent, would make a hostile bid unlikely to succeed.

The group's chains include the Queensway furniture chain, Harris Carpets and Carpetland, Times Furnishing, Poundstretcher, a discount variety chain, and Hamleys toy shop in London's Regent Street.

Alternatively the group's portfolio of retail sites - 8m sq ft of sales area - might attract bidders. They could use the sites, particularly the 8m sq ft in out-of-town sites, for other retail activites such as do-it-yourself shops.

Last summer Harris Queen*sway had admitted that trading* difficulties in its furniture division would cut profits to between £32m and £38m. In October it said the £32m figure would be made.

New management installed last year appears to have discovered "a number of very large and evil skeletons in the cupboards," said one stockbroker.

Mr Tony Shanagher, who became finance director in October last year, said yesterday: "We think we have identified all the problems".

Rowntree to rationalise European operations

By David Waller in London

ROWNTREE, the UK chocolate *company subject to a £2.1bn* ($3.92bn) takeover bid from the Swiss confectionery group Nestlé, is planning a major rationalisation of its manufacturing facilities in both the UK and continental Europe.

This could mean thousands of job losses and savings of up to £20m a year. The news is likely to prove embarrassing *to Rowntree because it has* yet to inform unions of its intentions, and since it has built up a groundswell of support of small shareholders on its reputation as a caring employer.

The disclosure came as Jacobs Suchard, the Swiss chocolate and coffee group, announced that it has taken its holding in Rowntree to 25.4 per cent. Nestlé said that it now owns 7.1 per cent. Both companies were buying in the market again yesterday.

Stockbrokers' analysts have had unofficial briefings from Rowntree directors confirming dramatic plans to cut production costs at the company's plants in both the UK and continental Europe.

So far, the process of rationalisation has been limited to the closure of a factory in Edinburgh earlier this year, with the loss of 800 jobs, and a reduction in capacity at the company's plant in Norwich, where 300 jobs were lost four months ago.

The focus of this year's rationalisation was on the company's assortment business, which has been relocated to York. But Rowntree has wider ambitions affecting key brands such as Kit Kat, After Eight and Smarties.

The plan is to dedicate each factory to the production of a single brand.

Rowntree's shares closed unchanged at 904p yesterday, 3½p above the value of the Nestlé offer if dividends are taken into account.

Jardine group lifts stake in Hongkong Land to 33%

THE JARDINE trading and investment group of Hong Kong yesterday moved to bolster its control of Hongkong Land, the territory's premier property developer, paying HK$1.83bn (US$234.6m) to acquire a further 8 per cent stake from a consortium of local companies, writes David Dodwell in Hong Kong.

The purchase by Jardine Strategic Holdings (JSH) is likely to be seen as concrete evidence of the group's often-challenged claim that it remains firmly committed to Hong Kong despite political uncertainties ahead of 1997.

The deal raises the JSH stake in Land to 33 per cent and effectively eliminates any possibility of a hostile takeover of HK Land. Rumours that an assault is being mounted have been endemic in Hong Kong's gossip-ridden stock market for several years and in recent months have been a potent stimulant.

JSH bought the 8 per cent stake from Cheung Kong, New World Development and Henderson Land – three smaller local property companies – and China International Trust and Investment Corporation (Citic), a mainland financial group.

Hongkong Land has been seen as a likely bid target since 1983, when a property market crash took Land and Jardine Matheson – then "Siamese twins" with substantial cross-shareholdings – precariously close to bankruptcy. Only in the past two years has Land been restored to health and the interlocking share relationship unscrambled.

A serious assault on the company, started in September last year, was stymied by the world stock market collapse in October. This assault was led by the consortium headed by Mr Li Kashing of Cheung Kong, and the deal yesterday marks the withdrawal of these predators after a six-month period during which they could not have exited without substantial book losses.

Deal could cast pall over the stock market

BY DAVID DODWELL IN HONG KONG

HONG KONG'S most cherished stock market rumour – that a group of prominent local businessmen was manoeuvring to wrest control of Hongkong Land from the Jardine group – was laid to rest yesterday when Jardine Strategic Holdings (JSH) reached agreement to boost its stake in HK Land.

It also ends the long-standing ambition Mr Li Kashing is alleged to have had of absorbing the Land group into Cheung Kong, his flagship property group, to make him the undisputed giant of Hong Kong's property sector.

Mr Brian Powers, the New York merchant banker who assumed the mantle of Jardine "taipan" just six weeks ago, said: "I think this will finally kill the claim that Land is up for sale," adding: "It also provides hard evidence of what we have been always been saying – that we have no intention of moving out of Hong Kong."

The deal is nevertheless likely to cast a pall over the local stock market, since rumours of an imminent takeover of Land have fuelled share prices in recent weeks. The Hang Seng index slipped by almost 2.5 per cent yesterday, ending the day down 63.21 points at 2,577.92, but few stockbrokers were confident that the market will consolidate at this level.

First, trading was suspended yesterday in Hongkong Land shares and in both Jardine Strategic and Jardine Matheson – all three of which are index constituents. A major fall in Land's shares can be expected today, since they have risen by more than 12 per cent in the past week on the back of bid rumours.

Second, shell-shocked traders are expected to focus today on the possibility of an increase in the local prime lending rate over the weekend. A surge of bear selling could easily depress the index by a further 100 points, analysts predicted.

It is understood that the predatory group led by Mr Li approached JSH on Wednesday evening, inviting Jardine to buy the majority of its combined stake. With Mr Li were Mr Cheng Yutong and Mr Lee Shankee – the respective heads of New World Development and Henderson Land, two other local property companies – and Citic, the Peking-backed investment group.

Most of their stake had been accumulated in October last year, when a hostile takeover was genuinely being prepared against Land. Catastrophically for the predatory group, which then included more than the four parties dealing with JSH yesterday, the assault was planned for the weekend ahead of Black Monday. Having built up stakes at prices ranging to a peak of HK$11.70 a share and having discussed with JSH an offer price of HK$16.50 a share, the crash swept Land's share price down to HK$7.

Interest in a bid evaporated as their own corporate survival through the collapse suddenly become their exclusive preoccupation and as an assault at pre-crash prices was inconceivable.

It appears, therefore, that the past six months have involved, for the predatory group, complex psychological warfare. With little more than 8 per cent of Land under their control, they knew a bid was out of the question, but they also knew that, once the investing public realised this, the chance of emerging without punishing losses was negligible.

Urgency has been added by the fact that the predators have major investment plans of their own in hand and were uncomfortable to have so much cash tied up in Land shares.

Rumours of a resurrected bid – based on suggestions that the predators controlled a stake as large as 20 per cent – have talked Land's share price up from a post-crash low of HK$5.60 to Wednesday's close of HK$8.90. The timing of an approach to JSH was critical, since investors would at some stage realise a bid was not managable.

It is likely that the settlement price agreed yesterday has enabled the predators to exit without significant losses but profits appear improbable.

Some analysts were arguing yesterday that Jardine's new taipan had paid over the odds for the stake. It equates to a price/earnings ratio of just over 20 – well above the market average of 12.7 and even further adrift from the rest of the property sector.

The price is nevertheless comfortably inside Land's book asset value of about HK$9.55 a share and takes little account of the blue chip quality of Land's property portfolio.

"Land generates the highest quality earnings that you can possibly have," said Mr Powers. Since he was snubbing an offer of HK$16.50 a share in October last year on the grounds that it did not do justice to Land's true value, he is hardly likely to think of HK$8.95 a share as a high price to pay for secure control of a group where Jardine cannot have been confident of retaining control at any previous point during the past five years.

It is a reflection of how much the ball was in his court on Wednesday night that he won agreement from the predator companies that they would not for the next seven years acquire anything except a "nominal stake" in Land or any other listed companies in the Jardine Matheson group.

JSH will use bank loans to fund the purchase but is unlikely to be stretched by the deal. Even when the recent increase in its holding in the Mandarin Oriental Hotels group is taken into account, total debt amounts to about HK$3bn. With shareholders' funds of more than HK$10bn, the group is less than 30 per cent geared.

It appears, therefore, that the Jardine group, after a five-year struggle to restore itself to corporate health and to retain control of Hongkong Land, has had the last laugh. However, as the stock market enters a period of renewed uncertainty, with Land's share price under pressure more than most, it may be some time before Mr Powers and his colleagues allow a smile to show.

Provisions push Saudi bank into red

By Gordon Cramb

SAUDI INTERNATIONAL Bank, the London consortium bank half-owned by the Saudi Arabia Government, fell into a net loss of £35m ($65.3m) last year after boosting provisions and selling to its shareholders the bulk of its problem Third World loans.

The result, which compares with a £10.2m net profit in 1986, includes a £81m write-off on disposing of the unspecified amount of problem loans primarily to Latin America.

The sale effected at the end of December left the bank with loans outstanding of £591m. This was more than halved from £1.21bn a year earlier, but a substantial part of this shrinkage was attributed by Saudi International officials yesterday to exchange rate movements, repayments and "quite a lot of pre-payments."

Loan loss provisions were raised by £25m to stand at £49m. Net interest income fell 5.9 per cent to £30.5m and non-interest income 38 per cent to £9.4m.

Shareholders, which took up the debt in proportion to their stakes in Saudi International, had earlier in the year committed £50m in fresh funds to the bank. Mr Peter de Roos, chief executive, said yesterday £27.5m of this had been taken as a capital injection "with the balance on call should we need it."

Total assets fell during the year to £2.35bn from £3.23bn.

Twenty per cent of the bank is owned by Morgan Guaranty of the US, which supplies the management.

Afcol outlook clouded by tighter credit controls

BY JIM JONES IN JOHANNESBURG

AFCOL, the furniture manufacturer controlled by South African Breweries, warned yesterday of a possible slackening in consumer spending as a result of tighter credit controls and higher interest rates introduced by the Pretoria Government this week.

In its latest year to March, turnover rose to R510m ($231.8m) from R388m as lower interest rates and improved consumer confidence lifted spending on durables. Pre-tax profit was R36.9m against R17.7m.

The directors are concerned that the new credit controls could result in a recession for the industry similar to that of 1984 when sharply higher interest rates cut spending on durables.

But they add that, if a recession is avoided and socio-political and industrial relations environments remain the same, profits could increase in the current year.

Net earnings rose to 144.8 cents a share from 100.8 cents and the dividend has been increased to 72.5 cents from 50 cents.

Amaprop increases profits

BY OUR JOHANNESBURG CORRESPONDENT

IMPROVED DEMAND and higher rentals for central city office accommodation increased profits at Anglo American Properties (Amaprop), one of South Africa's largest property companies.

Pre-tax profits rose to R29.4m ($13.4m) in the year to March from R26.1m. Demand for rented commercial property had been weak for some years but has recovered with the recent improvement in the economy.

Last month Amaprop took over the management of Johannesburg's Carlton Hotel after Westin, the US hotel group, severed its ties with South Africa.

Net earnings rose to 46.3 cents a share from 40.4 cents and the dividend has been increased to 30 cents from 29 cents.

INTL. COMPANIES AND FINANCE

Swiss bid code riddled with contradictions

William Dullforce on the pressures for changes to the takeover laws in Switzerland

THE ALARM bells started ringing in Swiss boardrooms this week as directors began to realise that the £2.1bn ($3.9bn) bid by Nestlé for Rowntree, and Jacobs Suchard's aggressive buying of shares in the UK confectionery company, could have some unexpected long-term repercussions for Swiss corporate practices.

Embarrassingly for the Swiss companies, their takeover tactics in the UK have coincided with moves by two big Swiss chemical groups, Ciba-Geigy and Sandoz, to reinforce their immunity to takeovers by restricting shareholders' rights.

This coincidence, highlighting the glaring contradiction between Swiss companies' behaviour abroad and at home, has provoked hostile reactions in London. It has also evoked mixed feelings within Switzerland.

While many Swiss industrialists are angry at having a foreign spotlight turned on the protection they enjoy against takeovers, younger bankers and businessmen hope that international attention will help to promote changes.

"We should be grateful to Sandoz and Ciba-Geigy," one Zurich banker said. "Their anachronistic steps have alerted the pension funds and revived discussion. Perhaps the conservatives will start to understand that the Swiss stock exchanges can no longer afford to tolerate such practices."

The Nestlé raid on Rowntree has given the European Commission the opportunity to press for changes in Swiss corporate conduct when Berne tries to negotiate in 1993 on Swiss association with the European single market, a corporate lawyer suggested.

Neither banker nor lawyer would be named. Domestically, the issue is still too sensitive. The Swiss commercial code has been under revision for 20 years, during which industry and business have doggedly resisted any fundamental adjustments.

The last revision dates back to 1936, when Swiss companies had to be armoured against takeovers from Nazi Germany, although the need to shore up businesses debilitated by the depression may at the time have been an equally powerful motive.

Switzerland's corporate defence system is in essence very simple. It works against domestic raiders as well as foreign. The code places few limits on how companies write their statutes. Each has to keep a shareholders' register but the board can refuse to enter a shareholder for any reason it sees fit, without having to explain why. Only registered shareholders can vote at company meetings.

This week the Sandoz and Ciba-Geigy boards won authority from shareholders to limit to 2 per cent the maximum stake in their share capitals that can be registered in the name of a single shareholder.

If a share is sold, the buyer has to apply for registration in his own name. If his application is rejected, he will receive his dividends but will not be able to vote. The most dramatic instance of this practice involves Mr Karl Schweri, the owner of the Denner retail group, who holds more than 50 per cent of the capital of Usego-Trimerco, a rival retailer. Mr Schweri has been unable to exercise his voting rights and take control, because the Usego board refuses to enter his shares on the register.

The flexibility of the bid defences available to Swiss companies was recently demonstrated by Sulzer, the engineering group, when it warded off a raid by Mr Tito Tettamanti, a Lugano lawyer, and his associates by lowering from 4,000 to 1,000, or 0.5 per cent of the capital, the maximum holding it would enter on its register.

Listed Swiss companies can also issue shares in different categories varying in nominal value and voting rights. Alongside registered shares of SFr100 nominal value, each with one vote, a company can issue bearer shares at a par of SFr1,000 or any multiple of SFr100 each with one vote. The participation certificates which Swiss companies issued en masse before the October crash to tap mainly foreign investment frequently had no voting rights.

It is possible for a company to prescribe in its statutes that it must remain in Swiss ownership. But the Swiss commercial code is not specifically anti-foreign. It does not prohibit foreigners from buying registered shares. There is simply no point in foreigners buying them, if they know that the companies will not register the shares.

However, defence against foreign raiders is reinforced by the Lex-Friedrich, the law limiting foreigners' right to buy property in Switzerland. Originally passed to meet public reaction against massive foreign buying of homes, it has the effect of preventing a foreigner from buying a Swiss company which has more than half its assets in real estate.

Sheikh Yamani, the former Saudi Oil Minister, ran into this difficulty in trying to buy Vacheron et Constantin, when a rival offered a price for the Geneva watchmaker's buildings that valued them at more than its industrial assets.

Lawyers have found ways round the real estate barrier. The best-known is to use a foreigner domiciled in Switzerland and holding a so-called C permit of residence. A foreigner qualifies for a C permit after five to 10 years' residence, according to nationality. It allows him or her to own real estate.

In contrast to, say, French law, Swiss federal law is liberal in that it has no bureaucratic controls on foreigners acquiring Swiss concerns, except in the case of air and sea transport

Foreign bids have to be launched in agreement with the board and management. The takeover of Hermes, the typewriter company, by Olivetti of Italy is an example but friendly foreign acquisitions of listed Swiss companies are infrequent.

A proposal amending the commercial code is now before the finance committee of the upper chamber of parliament. It is less than radical. It stipulates that boards must invoke "just" reasons for refusing to register shares but it also specifies that ownership by foreigners or companies in foreign majority control is sufficient reason.

Some Swiss, however, are querying whether the very special corporate culture in which they trade on their stock exchanges is compatible with international developments or even capable of safeguarding Swiss interests.

For Mr Charles Poncet, a Geneva lawyer specialising in corporate work, the system originally intended to prevent Nazi takeovers is now "perpetuating incompetent management." Even the big banks have started to warn companies to take care that their registered shares remain marketable if they want to continue raising equity capital.

But the reformists are looking for outside help to break down the very strong conservative resistance to change in the Vorort, the employers' association. The European Commission, they hope, will make it clear that reciprocity applies also to stock market and corporate practices.

Leu in merger talks with BZ Bank

By William Dullforce in Geneva

BANK LEU, Switzerland's oldest and fifth largest bank, is negotiating a merger with BZ Bank Zurich, one of the youngest and most innovative.

Talks focus on setting up a holding company, which would give the joint venture a corporate structure new to Swiss banking. Shareholders of the two banks would be invited to swap their stock for shares in the new company.

Zurich Insurance, the leading Swiss primary insurance group and a major shareholder in Bank Leu, is understood to be backing the merger and to be taking an active part in the negotiations.

The initiative appears to be part of the strategy of Mr Kurt Schiltknecht, the new chairman, to restore Bank Leu's image, recently clouded by its part in a buyback share deal during the Guinness takeover of Distillers in the UK and its earlier involvement in the Dennis Levine insider trading case in the US.

BZ Bank, established three years ago by Mr Martin Ebner, concentrates on securities trading, investment advice, and new issues business. In 1986, it pioneered covered warrants on the registered shares of blue-chip Swiss companies and more recently launched Switzerland's first stock-index options contract.

Mr Ebner, who holds 41 per cent of the BZ Bank stock, which is not listed on the Swiss stock exchanges, said both banks would retain their independence under the holding company structure.

Bank Leu had total assets of SFr15.3bn ($11bn) at the end of March, while BZ Bank's assets were SFr138m at end-December. Bank Leu reported net profits of SFr61.1m for 1987, against SFr15.5m at BZ Bank.

Davignon offers olive branch to De Benedetti

By Alan Friedman in Milan

VISCOUNT ETIENNE Davignon, a director of Société Générale de Belgique, has offered an olive branch to Mr Carlo De Benedetti, the Italian entrepreneur whose struggle for the control of La Générale has become a European corporate epic.

Speaking in Turin, where he was attending a European Round Table meeting along with Mr De Benedetti, Viscount Davignon said that "objectively it is in the interest of everyone to reach an accord."

He added that a compromise solution between Mr De Benedetti and Suez, the French group that leads a shareholders' coalition with majority control of La Générale, "requires a bit of time, but the difficulties concern modalities and details."

In Milan, an aide to Mr De Benedetti said there had been no specific talks with Viscount Davignon, but that "relations are now more relaxed."

'Poison pill' defence for UCB

BY TIM DICKSON IN BRUSSELS

UCB, THE pharmaceuticals, chemicals and films group, yesterday became the latest Belgian company to announce details of a precautionary "poison pill" defence.

The move follows similar actions by Tractebel, the energy concern, and GB-Inno-BM, the supermarket group which had been subject to frenzied takeover speculation, and can be seen as a consequence of the new vulnerability in the corporate sector following the furious bid battle for Société Générale de Belgique.

UCB said yesterday that it was trying "to protect itself against any attempt at external interference in its management."

The board will propose that a 10-year floating-rate loan stock of BFr72m ($2m) be issued with 720,000 warrants (convertible into shares) attached. This will be subscribed for by Financiere d'Ostende, a recently created 90 per cent subsidiary of Financiere d'Obourg, which itself is already a major and friendly shareholder in UCB.

Last month, UCB announced pre-tax profits for 1987 of BFr1.78bn – broadly in line with the previous year – on sales of BFr32.66bn.

BMW holds dividend

By David Goodhart in Bonn

BMW, THE West German luxury car maker, yesterday announced an unchanged 1987 dividend of DM12.50 a share, following an 11 per cent increase in parent company net income.

The increase in profit, from DM337.5m to DM375m ($223m), is almost exactly in line with the 11 per cent rise in group turnover - to DM19.5bn - announced earlier this year. At that time Mr Eberhard von Kuenheim, chairman, warned that the outlook for 1988 remained uncertain.

The dividend cost of DM187.5m is up from DM168.75m in 1986, reflecting an increase in capital.

NOTICE OF REDEMPTION

BY

THE REGIONAL MUNICIPALITY OF OTTAWA-CARLETON

To the Holders of Debentures U.S. $40,000,000
14¾% Debentures due June 15, 1997
Authorized by By-law Number 75 of 1982
Amount Redeemable June 15, 1988 – U.S. $2,622,000

NOTICE IS HEREBY GIVEN that The Regional Municipality of Ottawa-Carleton will redeem on June 15, 1988 Debentures bearing the numbers listed below at 100% of the principal amount of each Debenture plus accrued interest to the redemption date.

U.S. $1,000 COUPON BEARING DEBENTURES

00027	00035	00047	00052	00054	00059	00064	00065	00073	00084	00096	00113	00140	00169	00184	00219	00235	00266	00288	00304
00332	00370	00372	00389	00427	00450	00469	00476	00491	00496	00519	00526	00532	00540	00551	00552	00573	00603	00605	00615
00628	00656	00669	00687	00702	00707	00736	00763	00769	00790	00792	00832	00856	00873	00874	00903	00967	00981	00985	01030
01040	01053	01064	01080	01088	01108	01117	01120	01129	01131	01136	01145	01153	01157	01169	01175	01180	01218	01237	01240
01246	01256	01269	01300	01321	01340	01349	01365	01378	01380	01381	01388	01402	01413	01442	01443	01444	01476	01492	01493
01505	01509	01518	01519	01538	01542	01575	01585	01587	01597	01602	01685	01686	01734	01737	01745	01751	01768	01769	01793
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02176	02179	02185	02201	02213	02221	02231	02295	02299	02307	02326	02328	02329	02340	02357	02358	02361	02364	02386	02408
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33030	33035	33101	33104	33111	33112	33115	33126	33128	33140	33146	33147	33155	33186	33199	33201	33213	33226	33235	33236
33245	33247	33277	33290	33321	33328	33329	33334	33336	33353	33366	33378	33399	33406	33427	33454	33460	33471	33480	33487
33493	33506	33549	33558	33586	33593	33596	33597	33608	33619	33648	33675	33685	33716	33717	33722	33725	33759	33773	33791
33809	33833	33855	33861	33870	33881	33890	33911	33921	33966	33977	33981	34004	34013	34033	34052	34059	34077	34115	34151
34165	34167	34176	34184	34205	34212	34223	34231	34236	34251	34260	34264	34273	34308	34312	34349	34356	34362	34373	34380
34390	34392	34413	34421	34427	34430	34432	34447	34457	34478	34489	34490	34494	34498	34539	34558	34583	34585	34607	34618
34624	34632	34647	34657	34680	34685	34697	34700	34714	34731	34735	34741	34765	34799	34806	34820	34828	34836	34850	34873
34878	34880	34894	34915	34930	34957	34967	34973	34985	35009	35018	35054	35059	35083	35088	35105	35108	35111	35118	35132
35169	35175	35181	35186	35208	35210	35215	35222	35223	35235	35242	35253	35270	35280	35290	35302	35303	35307	35335	35342
35351	35364	35406	35415	35444	35451	35465	35474	35485	35506	35526	35556	35561	35564	35578	35586	35592	35604	35653	35654
35678	35693	35701	35704	35718	35726	35733	35737	35743	35766	35780	35785	35820	35826	35847	35870	35895	35942	35957	35972
35977	35983	35996	36019	36038	36079	36104	36107	36127	36129	36134	36194	36198	36225	36249	36264	36276	36279	36283	36309
36310	36315	36352	36386	36398	36413	36425	36435	36479	36485	36490	36495	36501	36514	36524	36527	36562	36587	36590	36640
36644	36649	36657	36667	36668	36700	36725	36734	36735	36736	36742	36743	36755	36759	36775	36816	36826	36827	36856	36859
36866	36874	36875	36899	36902	36914	36921	36923	36937	36964	36973	36979	36983	37003	37038	37057	37084	37088	37111	37178
37225	37266	37300	37344	37419	37437	37445	37448	37453	37459	37464	37474	37487	37490	37493	37498	37499	37508	37515	37519
37524	37534	37540	37563	37589	37594	37595	37615	37651	37674	37682	37684	37689	37706	37721	37756	37761	37762	37776	37790
37806	37820	37836	37842	37859	37871	37877	37878	37887	37890	37923	37930	37943	37946	37947	37949	37979	37995	38017	38065
38068	38091	38097	38113	38114	38135	38136	38141	38151	38156	38160	38169	38171	38202	38215	38300	38309	38312	38336	38351
38411	38412	38419	38472	38485	38527	38535	38547	38549	38554	38557	38574	38580	38596	38597	38613	38641	38657	38658	38678
38711	38720	38724	38746	38751	38755	38785	38793	38810	38849	38883	38889	38890	38908	38914	38950	38958	38997	39016	39057
39069	39091	39129	39137	39146	39158	39167	39180	39205	39224	39230	39253	39256	39272	39278	39285	39296	39316	39329	39332
39333	39339	39340	39377	39387	39392	39412	39449	39453	39454	39460	39462	39466	39513	39515	39523	39527	39532	39590	39619
39652	39671	39693	39698	39712	39714	39722	39746	39784	39800	39810	39832	39835	39837	39841	39857	39871	39895	39929	39940
39943	39956																		

The above Debentures will be paid upon surrender of the Debentures, accompanied by all interest coupons appertaining thereto maturing after June 15, 1988, at The Bank of Nova Scotia Trust Company of New York, New York City, N.Y., U.S.A., or at the option of the holder, at the main office of The Bank of Nova Scotia, 33 Finsbury Square, London, England, EC2A 1BB, the Kredietbank S.A. Luxembourgeoise in Luxembourg and the Morgan Guaranty Trust Company of New York in Brussels, Belgium.

The interest coupons maturing on June 15, 1988 should be detached from the Debentures and cashed before presentation. If such Debentures are presented for payment without all interest coupons appertaining thereto which mature after June 15, 1988, the amount of the missing unmatured coupons will be deducted from the principal amount due for payment. All interest on the Debentures so redeemed shall cease to accrue from and after June 15, 1988.

The following Debentures previously redeemed on the dates indicated have not been presented for payment.

June 15, 1985
00006

June 15, 1987
09917 37543 37565 37582 37587

Dated this 6th day of May 1988.

J.C. LeBelle, *Treasurer*

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

Stephen Fidler talks to Don Roth, the World Bank's treasurer

'The Euromarket is alive and well'

AN OPTIMISTIC prognosis for the Eurobond market has been outlined by the man in charge of the World Bank's giant international borrowing programme.

Mr Don Roth, who took over last year as treasurer at the bank, sees the Euromarket not only as a borrower, but as an investor. The World Bank is not only the biggest single user of the Eurobond market – its overall borrowing programme for the year ending in June totals $11bn – but it also manages a portfolio of $20bn in liquid assets.

He has just completed a tour of Europe and yesterday in London he was outlining his views, first at a conference organised by Euromoney magazine and later to the Financial Times.

"The Euromarket is alive and well. Those who predicted its death did so prematurely," he says. Indeed, apart from the sharp drop that resulted in bond yields, he went so far as to describe the October stock market collapse as "a non-event" for the Eurobond market.

The basis for his views is the detailed monitoring of the secondary market that the World Bank carries out on all its issues.

During the last year, Europe has remained the most competitive market for the bank's issues in dollars for maturities up to 10 years. Only for a period in September and October, when interest rates were ratcheting up, did the US market provide a competitive source of dollar-denominated funds.

Significantly, he says that, at least for the top-quality issues in which the bank deals, he has seen no evidence of any loss of liquidity in the Eurobond market, despite the exit of a number of firms from the business. "The 151st firm adds little in the way of liquidity to the market, it's the top 25 that matter," he says.

That said, the departure of some firms from the Eurobond market has reinforced the intention of the bank to deal only with those houses which are committed to the Euromarket for the long haul.

Mr Roth's assessment in the Eurobond market in 1987, when new issue activity dropped by 25 per cent, draws parallels with the

Don Roth: optimistic

market's troubles in 1973-74, when volume dropped by 51 per cent over a two-year period, and in 1978, when it fell by 25 per cent.

All were periods of great currency uncertainty, deregulation was under way in important capital markets, houses were pulling out of the market, big changes were taking place in the pattern of capital flows, and pessimism was widespread because of unexpected shocks to the financial system.

Important differences were the rise in the role of non-dollar Eurobonds, which for the first time in 1987 accounted for more than half of new issue volume, the paralysis of the floating-rate note market, the huge advance in technology, and the vastly larger size of the market and the number of players in it.

None of this, he says, leads to the conclusion that there is a structural change in the markets. This view would be born out by the surge in new issue volume in the first quarter. As in the previous difficult periods, the market has reacted to volatility in currencies, interest rates and changing capital flows.

There has, however, been over the past year "a scaling down of enthusiasm, of aggressive risk-taking in new issue markets in general."

Other broad conclusions are these:

●The Euromarket is doing fine, and if perceptions of dollar stability improve, dollar issues will grow in volume.

●The non-dollar sector of the primary market is now a developed market, equivalent to $84bn in new issues in 1987. Even if the dollar strengthens, it will continue to be important.

●The pace of financial innovation has slowed. "A gentrification of the Euromarkets has occurred as gaudy, frilly products have left the scene," he says.

●The Euromarket's best friend remains government regulation in domestic capital markets.

●The market's worst enemy is over-competition, "which causes intermediaries to cannibalise themselves." Issuers and intermediaries must price issues correctly and time them properly.

●The average age of Eurobond market professionals is 32, and they have not experienced difficult markets before. This may explain some of the gloom which pervades the international capital markets these days.

●Currency swaps are the single most important financial innovation, which have provided an extraordinary amount of additional flexibility to issuers. For example, the bank's first Eurolira issue – of L150bn – last year was swapped into Swiss francs to achieve a cost of funds over five years of 3.3 per cent.

Asked about the Swiss market, Mr Roth said that the bank has made some 200 issues since its first issue there in the early 1950s. While there are some rigidities in the secondary market, the bank has reduced its presence in Switzerland because it wants to re-establish the scarcity of World Bank paper in that market. Swiss francs still constitute 20 per cent of post-swap new borrowings, he said.

Japan is also critical to the strategy. Twenty-five per cent of the bank's post swap borrowings this year was in the Japanese capital market. Some market estimates suggest that up to half of all World Bank paper could be in the hands of Japanese investors.

Mr Roth said he is unlikely to change the bank's borrowing strategy much from that adopted by his long-serving predecessor, Mr Eugene Rotberg.

The institution's rules insist on very conservative accounting, which will not change. The bank's Triple A credit rating continues to be central to its borrowing strategy, as it builds up its borrowing programme following the general capital increase of $75bn which became effective last week.

The next financial year's borrowing programme can be expected, therefore, to be somewhat larger than the current year's, although, because the bank keeps so much liquidity on hand, the size of its borrowing programme will not increase so quickly as its lending programme, which should exceed an annual $20bn by the early 1990s.

Stora to sell off crude tall oil operations to US group

BY SARA WEBB IN STOCKHOLM

STORA of Sweden, Europe's largest pulp and paper concern, has signed a letter of intent to sell off its crude tall oil operations to Arizona Chemical Company, which is a subsidiary of International Paper, one of the largest US forestry groups.

Arizona Chemical, which refines resins and fatty acids, said it wanted to acquire local production facilities in Europe and strengthen its position in the European market by taking over the production at Stora's Bergvik Kemi subsidiary.

Bergvik Kemi has production capacity of about 120,000 tons for the fractionation of crude tall oil, which is a by-product of sulphate pulp production and is used for the production of various chemicals including paints.

The subsidiary has an annual turnover of about SKr300m ($51m) and has shown losses of SKr10-20m over the last two years. About 70 per cent of production is exported, chiefly within Europe.

Mr Ingvar Petersson, executive vice president of Stora, said that Bergvik Kemi needed to change its product mix to one with a higher added value, and that Arizona Chemical would be prepared to use its technology and existing products to do this.

●Carlsberg, the Danish brewer, has entered a joint venture to brew beer in Nepal. Initial capacity of the brewery, at Gorkha, 120km from Katmandu, will be 20,000 hectolitres and the total investment will be DKr46m ($7m).

Drexel halts in-house junk bond dealings

By Roderick Oram in New York

DREXEL BURNHAM Lambert has stopped its employees buying significant portions of junk bond issues underwritten by the firm before the securities are offered to outside investors.

To the discomfort of the major Wall Street firm, the practice was the subject of congressional hearings last week. Mr Michael Milken, Drexel's chief junk bond specialist, refused to answer questions, leaving Mr Fred Joseph, Drexel's chief executive, to defend the practice against strong criticism from some congressmen.

A six-month investigation by a House of Representatives' subcommittee indicated that more than 100 senior Drexel executives investing directly or through some 30 employee-controlled investment partnerships, had been buying heavily into selected new issues for many years.

The investigators said the practice sometimes created an artificial shortage of securities. Some outside investors complained they had to pay more for fewer bonds than would otherwise have been the case. The employee investors often made substantial profits by selling their bonds shortly after the public offerings.

In a message to its employees, Drexel said it was "concerned about public perceptions and accordingly, to avoid any appearance of possible unfairness, henceforth new public issues of debt securities will not be purchased by employees or employee-related accounts."

Drexel, which has strongly maintained that the trading practice was legal, said last week it will be making submissions to the Securities and Exchange Commission on the adequacy of the present laws.

Dutch central bank acts to curb inflation

By Laura Raun in Amsterdam

THE DUTCH central bank has announced two new instruments to strengthen control over the capital and money markets in an effort to keep a tight lid on inflation.

Open market transactions in the capital market will be carried out for the first time through a new, Fl 3bn portfolio of Dutch government bonds that will be built up over the next two years. This "market-oriented" approach to controlling monetary policy would add and subtract liquidity much like the US Federal Reserve's purchases and sales of Treasury notes.

A new cash reserve system will be introduced on May 19 to increase control over the money market. Banks will be required to hold a certain amount of funds at the central bank, on which they will receive interest, with the amount of funds fluctuating according to market conditions.

De Nederlandsche Bank, the Dutch central bank, first signalled its intentions to impose new measures last October. It is concerned that its grip on monetary policy – notably money supply – has slipped since deregulation of the Dutch capital markets in 1986 and amid the continuing strength of the guilder.

The portfolio of Dutch government bonds will be created by buying them at the regular auctions by the Finance Ministry. The next one is on Tuesday, when a 6 per cent, six-year bond will be issued.

To avoid inflationary pressures from the portfolio, the Finance Ministry will stop refinancing Treasury paper.

Under the cash reserve system, banks will be required to maintain with the central bank a certain percentage of their guaranteed assets. The percentage will be adjusted monthly and can be as low as zero in squeezed money markets.

J O Hambro in management fund venture

By Our Euromarkets Staff

TWO SPECIALIST UK investment management companies, J.O. Hambro and GNI, have joined forces in a new company to specialise in the management of funds investing in government securities.

The joint venture, GH Asset Management, will be the first such company to manage international assets in maturities ranging from overnight to the longest-dated government securities, Mr James Hambro, chairman said.

The managing director of the new company is Mr Richard Freeman, previously managing director of Union Discount Asset Management.

Japan's Golden Week robs markets of lustre

BY DOMINIQUE JACKSON

EUROBOND DEALING rooms and syndicate desks were extremely quiet yesterday with most market operators reluctant to take large positions ahead of today's US unemployment report, which is seen as a key to determining the near-term policy of the Federal Reserve.

Dollar bond prices remained locked in a tight trading range, unmoved by the details of next week's US Treasury refunding, which were broadly in line with expectations. Most other sectors were similarly lacklustre, with the closure of Tokyo markets for Golden Week further subduing business.

Only one syndicate team was brave enough to launch a new issue ahead of the data. UBS Securities led a $100m bond for a unit of its parent, Union Bank of Switzerland. UBS is a Triple A rated credit which is guaranteeing the three-year 8⅜ issue at 101⅛ which came at a yield margin of 31 basis points over three-year Treasury paper.

Syndicate managers at houses not involved in the deal said the issue was fairly priced and seeing excellent demand, generated by both the shorter maturity and the name of the borrower. The deal was expected to be placed mainly with large accounts in Switzerland. It was bid at a discount of 1, comfortably within total fees of 1⅛.

Euroyen bond traders were eagerly awaiting the reopening of Tokyo markets today, following the extended Golden Week holiday. Although the closure of the markets is expected to concentrate attention on developments in the US, most dealers are expecting both Japanese government bonds (JGBs) and Euroyen issues to show a firmer tone.

The yen bond markets have performed strongly lately against unfavourable factors in other markets. An analyst at a major Japanese house said there was no sign of any let-up in this trend. Japanese economic fundamentals remain robust – March's Consumer Price Index at +0.7 per cent year-on-year has helped to quell some recent nerves about burgeoning money supply and rekindled inflation. Domestic liquidity is also good, boosted by

INTERNATIONAL BONDS

a steady flow of funds repatriated from less attractive foreign securities markets.

Volume was low during this week's break, although most London-based traders were still in the office. However, despite the lack of a lead from Tokyo, the yen bond markets saw a few unexpected price movements.

The majority of trading houses squared their books ahead of Golden Week, reluctant to hold long positions in the absence of direction from Tokyo. Robbed of this prop, nerves set in and, early in the week, prices were marked down quite sharply. However, bond prices soon started to look cheap at these levels and by yesterday dealers had detected a return of serious retail buying in anticipation of a stronger market in Tokyo today.

A dealer at one Japanese house said prices would be supported as both institutions and retail investors returned to rebuild the positions they had sold off last week. It is thought that the major Japanese banks, who are required to hold a certain amount of JGBs in their portfolios, will also return in force following a slow start to the new fiscal year.

On the resumption of trading, the September futures contract is widely expected to replace the June one as the most actively traded. However, there is still no consensus about the benchmark JGB issue with the market still split between the 5 per cent No 105 and the latest 4.6 per cent No 111, with even some rumours of a return to favour of the 5.1 per cent No 89. The No 105, with its higher coupon and greater liquidity currently seems to have the edge. Many dealers think the 105 and 111 may continue to play bellwether roles in tandem for the near future. No new Euroyen issues are expected until later next week.

Sentiment in West Germany received a minor lift after the Bundesbank left interest rates unchanged. However, although officials have sought to dispel rumours that a tightening of credit policy is imminent, fears remain that any tightening in the US will have a similar effect in Europe. Prices of government and Euromark bonds drifted narrowly lower in nervous trade ahead of today's US data.

There was one new issue in Switzerland for French oil company Total. The SFr100m seven-year 3⅛ per cent deal at 100¼ was led by UBS and was accompanied by currency warrants. The lead manager said the deal was still bid within its total 2 per cent fees. However, other syndicate managers questioned the timing of the deal.

Correction

A Swiss franc bond issue for the Republic Bank of New York was launched last week and was repeated in error in yesterday's International Bonds column.

Finnish banks form securities clearer

UNION BANK of Finland (UBF) and Kansallis-Osake-Pankki (KOP) Finland's two leading commercial banks, have established a joint clearing company, APC-kes-kus, to handleback office functions and storage in securities trading, writes Olli Virtanen in Helsinki.

KOP and UBF will invite all other banks and brokerage houses on the Helsinki Stock Exchange to join the company.

The two banks plan to control 82 per cent of the new company.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on May 5

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	95⅜	96⅛	+0⅛	-0⅛	8.85
All Nippon Air 9¼ 97	100	†95⅛	95⅝	0	-0¼	10.16
American Brands 8⅞ 92	150	98⅛	98⅝	-0⅛	-0⅛	9.26
A/S Eksportfinans 7⅞ 93	100	†93⅛	93⅝	-0¼	-0⅛	9.11
A/S Eksportfinans 7¼ 92	150	95⅛	95½	0	-0¼	8.78
Barc. Bk. Fin. 10⅛ 89	200	†102⅞	103¼	0	0	8.13
Belgium 9⅛ 92	400	†100¼	100⅝	-0⅛	-0⅛	8.95
British Telecom 7⅜ 96	250	89⅛	89⅝	0	-0¼	9.50
Cal. Natl. Telecom 8½ 93	160	99	99¼	-0⅛	-0⅛	8.72
Canada 9 96	1000	99	99½	0	-0¼	9.13
Canadian Pac 10¼ 93	100	†104¼	105¼	0	+0¼	9.52
C.C.C.E 7⅛ 91	113	†95⅜	95⅞	0	0	8.61
C.N.C.A 7¼ 91	150	95	95½	+0⅛	-0¼	8.81
Coca-Cola Ent. 8¼ 90	100	†100½	101	+0⅛	0	7.84
Credit Lyonnais 9 91	200	100⅝	101⅛	-0⅛	-0⅛	8.61
Credit National 8¼ 93	200	96⅞	97⅜	0	0	8.99
Credit National 7⅜ 92	100	95	95½	-0¼	-0¼	8.84
Credit National 7¼ 91	150	95⅜	95⅞	-0⅛	-0⅜	8.73
Denmark 7⅛ 92	500	93⅞	94⅜	-0⅛	-0⅛	8.99
E.E.C 7 91	100	95¼	95⅞	0	-0⅛	8.49
E.E.C. 7¼ 93	250	93¼	94¼	+0⅛	-0⅛	8.82
E.E.C 8¼ 96	100	†93⅛	93½	-0⅛	-0½	9.47
E.I.B. 7⅝ 93	100	94	94½	0	-0¼	8.95
E.I.B. 9⅜ 97	150	99	99½	0	-0⅛	9.49
Elec. De France 9 98	200	95⅞	96⅜	-0⅛	-0⅛	9.62
Finland 7⅞ 97	200	89⅜	89⅞	-0⅛	-0½	9.68
Finland 7½ 93	200	93⅛	93⅝	-0¼	-0⅜	9.10
Finn. Exp. Cd. 8½ 92	200	99	99½	0	-0⅛	8.72
Ford Motor Credit 8 91	250	98	98⅜	-0¼	-0⅜	8.75
Gen Elec Credit 10¼ 00	200	101¼	102¼	-0¼	-0⅛	9.95
G.M.A.C. 8 89	250	99½	100⅛	-0⅛	-0⅛	8.15
G.M.A.C. 8¼ 89	200	100	100⅜	-0⅛	0	8.09
Hoesch 8¼ 97	100	†93	93½	0	+0⅜	9.40
Italy 9 90	1000	101¼	101¾	0	-0⅛	8.25
L.T.C.B of Japan 8 91	100	98⅜	98¾	+0⅛	-0⅛	8.52
L.T.C.B. of Japan 8 97	200	88⅝	89⅛	-0¼	-0⅜	9.96
Mercds-Benz Cd. 8½ 95	100	96¼	96¾	-0¼	-0⅜	9.20
Metropolis Tokyo 9½ 93	200	101⅝	102⅛	+0⅛	-0⅛	8.97
Mitsubishi fin. 7⅞ 93	100	†93⅜	93⅞	+0⅛	+0⅛	9.37
Norway 8¾ 93	500	99⅜	99¾	-0⅛	-0⅜	8.87
Pepsico Inc 7⅞ 93	200	†93⅛	93⅝	-0⅜	-0½	9.07
Portugal 8¼ 91	300	98	98½	+0¼	-0⅜	8.95
Prudential Crp. 8¾ 94	125	99¼	99¾	0	-0¼	8.84
Qantas Airways 10⅜ 95	140	103½	104	+0⅛	-0¼	9.61
Saab Scania 9½ 91	125	†102¼	102¾	0	-0⅛	8.43
Saskatchewan 10¾ 92	100	105⅜	105⅞	0	-0¼	8.93
State Bk S Aust 9¼ 93	100	99¼	100⅛	0	-0¼	9.23
Swedish Expt.Crd. 7¼ 91	100	†95⅛	95⅞	-0⅛	-0¼	8.69
Swed Exp Cred 10 92	100	†103½	104	0	-0⅜	8.85
Sweden 7 91	250	95½	96	0	-0¼	8.46
Sweden 7 92	250	†94½	95	-0¼	-0⅜	8.67
Sweden 8¾ 96	200	96	96½	0	-0⅜	9.44
Sweden 8½ 92	200	†99⅜	99⅞	0	-0¼	8.59
Toyota Mtr. Cred. 9 90	200	†101⅜	101⅞	0	-0⅛	8.25
Victorian Rep 11⅜ 92	150	108⅛	108⅝	-0⅛	-0¼	9.03
World Bank 7 92	300	†95	95½	+0⅛	-0¼	8.52
World Bank 9 97	300	97½	98	-0⅛	-0⅜	9.36
Yasuda Trust Fin 8½ 93	100	96⅜	96¾	0	-0⅛	9.37

Average price change... On day 0 on week -0¼

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. BK. 6 94	200	102½	103¼	-0⅛	-0⅛	5.46
Avis Fin.SVS 5⅞ 92	100	†101¾	102¼	+0½	-2	5.28
Bank of Tokyo 5¾ 93	100	†103	103½	-0⅛	-0⅞	4.97
Central BK. Turkey 7 92	200	*†104	104½	0	-1	5.86
Commerzbank o/s. 5⅜ 93	300	†100	100½	0	-1¼	5.31
Degussa Int. 6½ 97	200	100¼	100¾	0	-1¼	6.05
[illegible]						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Belgium 5⅛ 92	55	102½	102¾	+0⅛	-0⅛	4.72
Belgium 4⅝ 94	45	97⅛	98	+0¼	-0⅛	5.04
Canada 4⅛ 92	80	99	99¼	+0¼	-0⅛	4.61
Elec. De France 5⅛ 94	20	100⅜	100⅞	0	-0⅜	5.02
Ireland 5⅛ 93	30	100¼	100⅝	+0¼	-0¼	5.04
Norway 5⅛ 95	50	100⅛	100⅝	+0¼	+0⅛	5.08
Rep. of Italy 5⅝ 92	150	103⅞	104⅛	+0¼	-0⅛	4.57
Sweden 4⅜ 92	50	98⅜	99	+0⅛	-0¼	4.67
World Bank 5½ 92	50	103½	103⅞	+0¼	-0¼	4.56

Average price change... On day +0⅛ on week -0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey Nat.BS. 10¼ 93 £	50	101⅝	102⅛	0	0	9.72
Alg. Bk. Ned. 5½ 92 FL	150	100¾	101¼	+0⅛	+0¼	5.19
Amro Bank 6¼ 92 FL	150	101¼	102½	-0¼	+0⅛	5.67
Barc. Aust. 14 91 A$	20	103¼	103¾	-0⅜	-0¼	12.59
Barc. Bk. 10¼ 97 £	250	98½	99	0	-0½	10.44
BP Capital 9¾ 93 £	100	100½	101	0	-0⅛	9.55
British Airways 10 98 £	100	97	97½	+0⅛	0	10.45
C.I.B.C. Mort. 10¾ 93 C$	100	†102	102½	0	0	10.11
Coop.Ctr.Rabo. 6¼ 93 FL	100	102½	103	+0¼	+0⅛	5.56
Coop.Ctr.Rabo. 6 92 FL	200	101⅜	102	0	-0⅛	5.54
Denmark 7¾ 92 ECU	100	102½	103	+0⅛	0	6.87
Deutsche Bank 9⅞ 97 £	75	†99½	99⅞	0	-0½	9.93
Deut. Bk. Aust. 12⅜ 95 A$	70	104⅛	104⅝	-0½	-0½	11.77
Dresdner fin. 13⅞ 91 A$	100	†104⅞	105⅜	-0½	-0¼	11.77
E.I.B 10⅛ 98 C$	130	†100¼	100⅞	0	0	10.01
E.I.B 8⅝ 93 LF	1000	†102¼	103¼	0	0	7.76
Euratom 7⅜ 97 ECU	145	95⅛	95⅝	+0⅜	-0⅜	8.12
Eurofima 7½ 92 FL	50	106	108	0	-0½	5.50
Fed.Bus.Dv.Bk. 9¾ 92 C$	75	†100¼	100¾	0	0	9.59
Ford Cr.Can. 10¼ 93 C$	100	†103½	104	0	0	9.71
Gillette Can. 9⅝ 93 £	70	96⅝	97⅛	0	-0⅜	10.42
G.M.A.C. 9¾ 93 C$	150	†98½	99	0	0	10.08
G.M.A.C. 9¼ 92 C$	75	98½	99⅛	0	-0¼	9.63
G.M.A.C Aus. Fin. 14 90 A$	50	102⅝	103⅛	-0½	-0¼	12.35
[illegible]						

FLOATING RATE NOTES

[illegible]

CONVERTIBLE BONDS

[illegible]

SWISS FRANC STRAIGHTS

[illegible]

* No information available-previous day's price

† Only one market maker supplied a price


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UK COMPANY NEWS

CapCo buys out Pearson share of M25 development

BY PAUL CHEESERIGHT AND MARTIN DICKSON

Capital and Counties, *the property group*, has acquired sole control of the only major shopping centre development on the M25 motorway to have received planning consent by buying out the share of Pearson, its partner, for £64.4m.

The development is at West Thurrock, *Essex*, an area where Pearson still retains land holdings of 1200 acres, most of which is in the Green Belt.

Pearson, the publishing, banking and oil services conglomerate which owns the Financial Times, is receiving in payment 15.7m CapCo ordinary shares. It is selling *immediately 3.7m shares to* TransAtlantic Holdings, Capco's parent, for £12.1m and has the option at the end of March for the next four years to sell tranches of 3m shares at a minimum price of 410p a share.

Bid speculation has surrounded Pearson since News Cor*poration, the media empire* headed by Mr Rupert Murdoch, acquired more than 20 per cent of its shares. Pearson yesterday said there was no connection between the Thurrock deal and the Murdoch stake. But City analysts said the transaction looked a helpful one for the company, since it made more evident Thurrock's profits potential.

Mr Ray Moorman, the CapCo managing director, said: "We have bought 80 acres of developable land at effectively £800,000 an acre, which, for a prime shopping pitch in the south east, is not expensive."

At the same time, the issue of *shares to Pearson* widens the CapCo capital base and reduces the TransAtlantic equity holding from 68.4 per cent to 63.8 per cent on a fully diluted basis. This extends the capital restructuring of last year when CapCo launched a £182m rights issue. TransAtlantic is controlled by *Liberty Life* of South Africa.

For Pearson, the deal fits into the policy of taking profits from its Thurrock land holdings when they become ripe for development. In April 1987, Pearson received £22m from the sale of a Thurrock *retail* warehouse park to Land Securities.

The 410p option to sell on the CapCo shares puts a floor price under the Pearson stake in the company, which is 8.8 per cent on a fully diluted basis. But there is nothing to stop Pearson selling the shares on the open market if *the price rises above* 410p. Pearson will also be entitled to a one-*off share of the profits of the* shopping centre on the basis of a valuation to be made about six months after it has opened.

There is therefore a possibility that Pearson could receive considerably more than £64.4m for its share in the Thurrock development.

Pearson was also yesterday concluding the first stage of its deal to acquire Les Echos, a French *financial newspaper, for* £88m. A deal to buy 100 per cent of Les Echos was originally announced in January but after opposition from the French Government it was modified, with Pearson buying an initial 67 per cent now, and the remaining 33 per cent a year hence, provided it *is still an EC company.*

CapCo expects to start construction *of the shopping centre* at Thurrock in August. At a cost of £300m to provide 1.15m sq ft of retail space, the centre will be the first out-of-town shopping complex on the M25. It should be trading by the end of 1990.

The market took news of the deal quietly. CapCo shares closed 5p lower at 408p, while Pearson shares, which had risen 25p on Wednesday, moved up a *further* 4p in low turnover to close at 710p.

Crescent Japan under attack

BY NIKKI TAIT

THE AMERICAN concert party which is pressing for unitisation at £110m investment trust Crescent Japan, has written to shareholders criticising the Crescent board for not adhering to the *"one share, one vote" principle.*

This, says the concert party, is contrary to the trust's articles of association.

At an egm last month, a vote requesting the board to draw up unitisation proposals was passed by a two to one majority. However, Crescent argues that half a dozen institutions accounted for virtually all the unitisation support, while resistance to conver*sion of the investment trust into* a unit trust came from hundreds *of smaller shareholders.*

Although Crescent has said it will produce a unitisation scheme as requested, it continues to oppose such proposals. It has also pointed out that implementation of any unitisation scheme requires 75 per cent support from shareholders, and that if the April egm voting pattern is repeated this would be blocked.

In its latest letter, the US concert party questions the use of *Crescent money to "mount* a minority defence against unitisation", the "apparent conflicts of interest", and asks the board to confirm that shareholders will be able to cash in a 96 per cent of net asset value under the unitisation scheme.

It adds that if no satisfactory replies are received, it will consider further steps which may include "requisitioning a further meeting of the company to remove some or all of the directors and/or terminate the existing management contract."

"Alternatively, our clients reserve the right to accept an offer for the company made to all shareholders," add the concert party's advisers.

Lyonnaise stake raised

Lyonnaise des Eaux, French water supply company, has increased its stake in Bristol Waterworks Company, one of the UK's three largest statutory companies, from 17 to 20.5 per cent.

Earlier this week Lyonnaise's rival, Compagnie Generale des Eaux, revealed it had built up a 22.4 per cent holding in the statutory company through its wholly owned subsidiary, General Utilities.

Bristol Waterworks restricts shareholders to a very small number of votes, irrespective of the size of their stake.

Currencies limit Smith & Nephew growth rate

By Clay Harris

Earnings per share growth at Smith & Nephew Associated Companies, the medical and health care products group, slowed to 11.1 per cent in the first quarter. Earnings for the 12 weeks to March 26 rose to 1.8p (1.62p).

Pre-tax profits advanced by 11.9 per cent to £24.9m (£21.9m) on external sales ahead by less than 6 per cent to £135.3m. Currency differences reduced translated turnover by £11.7m and profits by £800,000.

The strong pound also hit exports of textiles, especially denim, to continental Europe, reducing volume as well as margins.

The earnings growth figure contrasts with the 15 per cent year-on-year rise shown in 1987 and the group's previously consistent advances of 20 per cent or more.

Estimated tax of £7.2m (£6.6m) reflects a lower rate than in the first quarter of 1987.

The results were at the lower end of City expectations, and the shares closed 5p lower at *122p.*

Vodafone float gets go-ahead

By David Thomas

The board of Racal yesterday released figures showing further acceleration in the growth of its Vodafone cellular telephone network and gave the firm go-ahead for the flotation of its telecommunications group, centred on Vodafone.

The announcement last week that the flotation was likely *resulted in a big jump in* Racal's share price.

Further information about the flotation, which is expected to take place between July and October, will be released over the next few weeks. One issue still unresolved is who will handle the flotation: Racal's normal advisers are Hill Samuel.

Vodafone now has more than 165,000 subscribers, a figure which is growing by *more* than 2,000 a week.

Harris Queensway slumps to £17m

A *PLUNGE* in the profitability of the furniture division and losses at *Hamleys, the toy shop* chain, were major factors *behind Harris Queensway's* sharp fall in full-year pre-tax *profits* to £16.93m, compared with £50.1m in the previous 12 months.

Turnover, excluding VAT, totalled £660m (£592m) in the year to January 31, while operating profits were £18.13m (£45.2m).

Property profits contributed just £159,000 to the pre-tax total, against £6.7m in 1986/87, while tax absorbed £5.7m (£15.4m).

Earnings per share totalled 4.16p, down from 16.96p. The group proposed an unchanged final dividend of 4p, making a *total of 5.75p for* the year, the same as 1986/7.

The group said yesterday that midway through the year it had become apparent that its ability to manage and control the business "had not matched" the rapid expansion of prior years.

Although furniture sales were up 15 per cent to £300m, operating profit fell drastically from £23.3m to £1.3m. Sales *targets* had been achieved but at the expense of higher promotional costs *and lower margins.*

The group has now re-positioned its furniture business, at considerable cost. It hopes this will return the division to satisfactory profitability

In the case of Hamleys, acquired in August 1986, expansion of the prestige toy retailer into the main cities in Britain had proved to be "inappropriate in relation to its image and trading position", the group said.

Together with management and control problems, this resulted an operating loss of £2.66m, against a profit of £2.5m.

The group has changed the Hamleys management and reduced its toy operations.

*The carpet division and Har*veys, the household textiles and soft furnishings divisions, however, performed satisfactorily with operating profits of £12.8m (£12.3m) and £2.4m (£1.17m)respectively.

The group sold its loss-making electrical business in December. Explaining the reasons for the disposal just before the Christmas selling season, the group said: "We considered it necessary to take an attractive opportunity to exit from this highly seasonal and competitive business so that our management resources could be more effectively concentrated."

The same reasons lay behind *the decision to sell the Home* Charm DIY business

For the future, Harris Queensway intends to focus primarily on the £6.6bn home furnishing sector in which it has a leading market share.

This encompasses its furniture, carpets, textiles and soft furnishings divisions.

Maggie Urry looks at Harris Queensway figures and a possible bid

A business strategy on the carpet

SIR PHIL Harris, head of Harris Queensway, was in subdued mood yesterday when once again he had to present brokers and journalists with poor trading news.

This time the news was accom*panied by the revelation that* an approach had been made which, in bankers' parlance, "may or may not lead to an offer for the company". The shares rose 46p yesterday to 171p.

Harris Queensway shareholders have had a few shocks to cope with in the last year. After the *results for the year ended January* 1987 were announced, brokers' analysts made profit forecasts of up to £65m, against the £43.3m pre-tax just reported.

All still seemed fine at the annual meeting in June. But soon after one of the joint chief executives, Mr Peter Carr, resigned. In mid-August the blow fell. Problems in the Queensway *furniture business, which* Mr Carr had been repositioning in its market, had appeared. That would mean profits falling to between £32m and £38m, Sir Phil revealed.

Even at the time of the interim results in October, which showed pre-tax profits, excluding property profits, down from £14.2m to £3.7m, Sir Phil still hoped to *announce a figure of £32m for the* full year. Since then brokers revised their forecasts *down.*

Even so yesterday's figures – brought out a week early, Sir Phil says, to prevent a false market developing in the shares – showing a pre-tax figure of just £16.8m were a shock.

The company's statement yesterday showed that it was by no means only Queensway, its out of town furniture business, which was having difficulties. "Midway through the year it became apparent *that* the rapid expansion *of prior years had not been* matched by our ability to manage and *control the business. Additionally,* trading strategies embarked upon in furniture and Hamleys [the group's toy shop chain] were found to be incorrect," *Sir Phil* said.

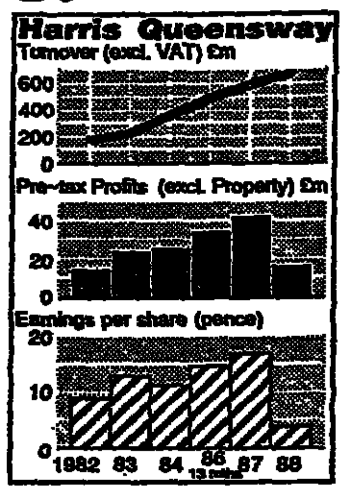
"There's no point discussing last year's figures, they are not worth talking about," said one *analyst, by now hardened to Harris* Queensway's bombshells.

"It was almost inevitable *that new management* would discover a few more disasters," says John Richards of brokers County NatWest Wood MacKenzie. "It is operating in market segments which to say the least are not happy," he continued.

More interesting, but a subject *on which Sir Phil is loathe to* comment, is the bid approach. Many brokers ruled out the possibility of another retailer taking on Harris Queensway's well-known problems.

Speculation centres on the possibility of a bid which would break the company up and make better use of its property. Its assets were last valued in 1979, a *time when out-of-town stores* such as Queensway's, were considered to be practically worthless. These properties, Sir Phil says enticingly, are now worth "substantially in excess of their book value."

According to the end-January balance sheet the company's net asset value is £140m, yet at yesterday's closing share price the market capitalisation is £402m.



Would anyone be prepared to pay that much for a business, *admittedly with great recovery* potential, making such low profits and still having problems? The attraction is eight million square feet of retail space covering names such as Harris Carpets, Carpetland, Queensway, Vogue, Harveys, Times Furnishing, Poundstretcher. It would give a bidder the top position in the UK furniture market.

That thought could, *some* brokers estimate, persuade a bidder to *offer* 200p or more a share; "though I am not saying they would be sensible to do so," added one.

The difficulty for any bidder is that Sir Phil holds 16.5 per cent of the shares, and Great Universal Stores a further 23.4 per cent, the legacy of a sale of some chains to Harris Queensway. GUS has agreed not to accept a hostile bid for the group unless more *than 50* per cent *of* the remaining shareholders do. Nor can *GUS sell its shares without* first offering them to Harris Queensway.

Mr Harold Bowman, a deputy chairman of GUS said yesterday "the figures are clearly disappointing and the management acknowledge a number of errors which they are seeking to rectify. *The management* will *continue* to have our support."

A hostile bidder would have a hard *job to gain control*, let alone reaching the 90 per cent necessary to force out minority holders.

Analysts thus suspect that since Harris Queensway did not dismiss the approach out *of* hand the board may not be entirely *antagonistic to a bid at the right* price, Sir Phil points out that he *is obliged to do* whatever is in the best interests of shareholders as a whole.

He says he wants to retain control and, with the help of the strengthened management team, get the company back on its growth path. "I wouldn't be sitting here otherwise," he remarks, adding, "the only way *I* am going to win with the brokers and the press *is by producing the figures* and that is what I intend to do."

However, those who saw him yesterday felt he did not give the air of a man determined to fight a bid, tooth and nail. And cynics pointed out that if it came to a defence document, it would be hard to produce a profit forecast anyone would believe after the last year's forecasting attempts.

Hopkinsons' profits dive as closure costs bite

BY CLARE PEARSON

THE costly closure of one plant and post-privatisation cost-cutting at British Gas combined to slash pre-tax profits of Hopkinsons Holdings, the valve manufacturer, from £9.14m to £1.58m for the year to January 31 1988.

Nevertheless, the company is paying a 3.33p dividend, unchanged on the previous year.

British Gas cut orders by about 3m to Hopkinsons' Bryan Donkin subsidiary, which accounts for 37 per cent of group turnover and makes about 60 per cent of its sales to the gas utility. Group turnover fell to £73.74m (£77.25m).

The W.B. Controls plant at Radcliffe was shut just six months after it had opened, and closure costs and operating losses accounted for a £4m exceptional debit. The plant had originally been expected to provide economies of scale by merging the operation of two subsidiaries, but difficulties in integrating computer systems resulted in lost turnover.

The Radcliffe business is now being moved to the Hopkinson plant, where it is hoped an onsite steel foundry and currently under-used capacity will boost volumes.

Interest and other receipts rose to £575,000 (£134,000). Tax took £394,000 (£2.19m). Earnings per share came out at 1.86p against 11.30p last year.

The company also announced a change of chairmanship. Mr Peter Frost succeeds Mr Roger Bentley, who is retiring after 10 years with the company. Mr Frost is also chairman of Volex, the electrical controls company, and Renold, the engineering concern.

Hopkinsons' US valve-maker had a good year in local currency terms, although the benefits were lost in currency translations. The beer dispensers division contributed about £650,000 to profits, sharply up on the previous year's £180,000.

So far this year, orders from British Gas have picked up, Hopkinsons said. Power station work is steady, although a prize £1.5m order from Sizewell is not due for delivery till 1989-90.

J W Spear dividend challenged

BY VANESSA HOULDER

J W Spear & Son, games and toy manufacturer, has been forced to announce a poll over the size of its proposed dividend, after being challenged by representatives of 15.7 per cent shareholder Allied Entertainment at yesterday's annual meeting.

The Allied Entertainment representatives argued that the proposed dividend of 6p was too high and that the money could be better applied to the business. Commenting on this point, Mr Francis Spear, chairman and chief executive of Spear, said that the company had adequate cash for its budgets. Spear had net cash of £281,000 at the year end.

Despite two years of falling profits, the company has maintained the 6p dividend first paid two years ago.

The poll will be held at the company's registered office on Thursday May 19. The chairman holds proxies in favour of the dividend resolution, representing 49.8 per cent of the issued share capital.

In 1987, Spear experienced reduced sales and adverse currency movements, which resulted in pre-tax profits of £380,000, a reduction of 26 per cent on the previous year. Allied Entertainment has built up its stake in the company over the past year and has been working with Spear on character related toys.

Reduced margins restrict growth at MIL Research

BY PATRICK DANIEL

MIL Research Group yesterday reported pre-tax profits of £1.79m for the year to end-January – a rise of 11 per cent. The growth was a far cry from the more-than-doubled increase of the previous year, which followed the group's market debut via a placing in December 1986.

Mr Rudi Goldsmith, chairman, said that while he was happy with the turnover increase of 12 per cent to £14.2m, he was disappointed that profits growth had been held back by lower margins and "slow developments" in some areas of the business.

The directors propose a final dividend of 2.2p, making a total for the year of 3.3p. Earnings per share were 13p, up from 10.8p.

Mr Goldsmith said that although healthcare research performed well, its hospital technology audit service in the US had been delayed, resulting in lower than expected income. The service is, however, expected to contribute larger profits this year.

Consumer products research in the UK came under severe competitive pressure, but MIL intends to stay ahead of its rivals having obtained an exclusive UK licence for a new US computer model that can forecast market shares that new products can eventually gain.

BOC given clearance for US sale

By Clay Harris

BOC Group, UK-based industrial gases producer, has been cleared to sell a US carbon graphite plant to Showa Denko, the Japanese chemical company. The proceeds may fall short of the original estimate of $100m (£54m).

BOC said yesterday that the disposal of the South Carolina facility to Showa Denko would go ahead now that US regulatory authorities had lodged no objections to the sale.

Showa Denko is to pay $70m for assets which were valued at $63.8m on September 30. It will also buy inventories, which were valued on the same date at $11.2m, but the final price of which is not yet known. BOC will retain the unit's receivables, which it yesterday estimated at $15m to $20m.

Earlier this year, BOC unilaterally cancelled a planned sale to Horsehead Industries, a private US company, after concluding that the US Justice Department was preparing to block the deal on anti-trust grounds. Horsehead subsequently filed suit against BOC.

UK market helps Time Products to 50% rise

By Andrew Hill

Time Products, watch manufacturer and distributor, increased pre-tax profits by over 50 per cent to £11.5m for the year to January 31, against £7.62m in 1986-87.

UK profits more than doubled to £6.51m (£3.25m) on turnover up 25 per cent to £32.5m (£26.1m). The figure was boosted by interest of £1.78m (£684,000) on the company's net cash balance of about £23m.

Time distributes Longines, Piaget and Baume & Mercier watches, as well as its own brands, Sekonda, which it claims is the UK's top-selling brand, Limit and Lotus.

Group turnover increased to £53.8m (£48.6m). Earnings per share rose 44 per cent to 18.22p (12.63p).

Time's manufacturing operation, Remex, with factories in Hong Kong, France and China, increased its profits to £4.96m (£4.38m) on slightly reduced turnover of £21.3m (£22.6m).

Mr Marcus Margulies, managing director, said the company would look for acquisitions in 1988. He said Time hoped to acquire under-exploited brands, which could be developed, and to expand geographically, especially in the US, where the Blancpain range of watches had just been launched with Tiffany & Co.

He added that the manufacturing operation was now incidental to his view of the company, which would begin to move into different types of brand marketing.

He said there was potential to exploit the Sekonda brandname on a range of high-value "designer" products and to develop sales of Sekonda watches on the continent.

Time is also moving its head office from Farringdon Road to Grosvenor Street, enabling the company to provide better service to its retail customers.

The board is recommending a final dividend of 2.85p, making 4.6p (3p) for the year.

Simplex Electrical

Simplex Electrical, an electrical equipment manufacturer which is itself a product of a management buy-out, has announced a £4.35m management buy-out of its installation products business, Power Centre Holdings.

The deal has been financed by £2.1m of bank lending and £2.5m of equity and loan stock, arranged by Sumit, the development capital company.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
Boot (Henry) ....fin	9.5	-	7	14.5	10
Caparo ....fin	nil	-	0.9	0.75	1.65
Harris Queensway .fin	4	July 11	4	5.75	5.75
Highcroft Inv. ....fin	1.6	-	1.45	2.7	2.45
Hopkinsons Hlds ...fin	2.33	Aug 3	2.42*	3.33	3.33*
Jitra Rubber ....fin	0.8	-	0.8	0.8	0.8
Mezz. Cap.&Inc. ....fin	5.5	-	-	13.25☆	-
MIL Research ....fin	2.2†	July 25	-	3.3	-
Nu-Swift Inds. ....fin	8	-	5.25	10	7
Select Appoint.§.....fin	1.5	June 29	-	2.5	-
Singapore Para .....fin	1.1	-	0.9	1.1	0.9
Time Products ....fin	2.85†	July 29	2.25	4.6	3
Wellcome ....int	1	June 16	0.81	-	2.81

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ‡Third market. ☆For 17 months.

BM acquisition

BM Group, industrial holding company, is to buy the marketing and manufacturing rights of Barber Green asphalt pavers from Aztec Inc of the US for $250,000 (£134,000). The agreement covers Western Europe and Scandanavia. In a separate deal, it has purchased from the receiver spares and production stock and certain fixed assets of Barber Greene England for £851,000 cash.

Meanwhile, BM has sold W & J Tod, a manufacturer of glass reinforced plastic mouldings, to Cray Electronic Holdings for £1.13m. In addition, Tod repaid intergroup loans of £1.98m before completion.

IN BRIEF

PROWTING a housebuilder based in Ruislip, is planning a main market listing later this month via an issue of new shares sponsored by Lazard Brothers. The company made pre-tax profits of £6.5m on sales of £53m in its last financial year.

ASSOCIATED ENERGY Services plunged into the red in the six months to March 31 1988 with pre-tax losses of £39,173 (£40,536 profit). Turnover of this USM company was £1.3m (£1.48m). No tax again payable. Extraordinary debit £20,360 (£22,546). Loss per share 0.56p (0.59p earnings).

SEAFIELD achieved turnover I£5.26m (£4.5m) for 1987 against (I£6.56m) and profit £48,000 (£28,300). Tax credit £25,000 (nil) for earnings 0.4p (loss 1.5p before extraordinary charges £361,000). Company engaged in production of textile and PVC coated fabrics.

MEZZANINE CAPITAL and Income Trust 2001: Net asset value £1 per capital and 88p per income share at March 31 1988. Final dividend 5.5p for a 13.25p total. Net revenue for 17 month period £2.01m after tax of £1.06m. Earnings 13.38p.

UK COMPANY NEWS

Caparo to close Fidelity and restructure

BY ANDREW HILL

Caparo Industries, the engineering group headed by Mr Swraj Paul, has finally decided to close down Fidelity, its loss-making electronics subsidiary.

Fidelity's factory at North Acton, London, will shut and 500 jobs are likely to be lost. The closure will take place in stages during 1988.

Yesterday Caparo also announced results for the year to December 31. Pre-tax profits rose to £2.17m, compared with £1.58m in 1986, on turnover up to £150m (£136m). Interest payable increased to £3.56m (£2.94m).

The company is proposing a reduction of capital to eliminate a deficit on the group profit and loss account. The nominal value of the ordinary and the two classes of convertible preference shares will be reduced to 1p, 8p and 8.75p respectively.

Caparo is also planning an open offer of new convertible preference shares to raise £5.8m. This will reduce gearing from 72.4 per cent to 29.2 per cent.

Caparo's results have been dragged down by losses at Fidelity ever since it bought the company in 1984. Yesterday's figures were affected by a £3.6m trading loss at Fidelity, its biggest under Caparo's ownership.

The estimated cost of closure and trading losses and interest costs for 1988 are included in an extraordinary loss of £10.8m. This figure also includes the £3m balance of goodwill not written off in the accounts of the last three financial years.

As a result the company's loss for the financial year, after tax and dividend payments, increased to £11.8m, compared with a loss of £1.52m in 1986. No dividend is to be paid immediately, but Caparo expects a special interim dividend in July 1988. Fully diluted earnings per share dropped from 1.45p to 0.69p.

Operating profits at Caparo's industrial subsidiaries increased by nearly 39 per cent to £8.13m (£5.86m) in 1987.

● commentAnalysts yesterday rolled out cliches about Caparo having finally bitten the bullet and grasped the nettle over Fidelity. The engineering company has also killed several birds with one stone by proposing restructuring and a share offer to clean up the balance sheet. Even without Fidelity it was beginning to look worryingly untidy. Mr James Leek, Caparo's chief executive, now hopes the company has done its penance and investors will concentrate on the company's quietly successful subsidiaries, which manufacture steel, abrasive and aluminium commodities for industry. Caparo's share price was fairly stable yesterday, losing ½p to close at 41½p. The company should make around £7.25m in 1988 and this puts the shares on a fully diluted prospective p/e of about 14, not particularly cheap but certainly more attractive than before the Fidelity closure.

Terry Dodsworth and Andrew Hill on the end of an era for British TV manufacturing

Caparo rids itself of a costly albatross

THE NEWS that Caparo Industries is closing down the operations of its Fidelity electronics business marks the end of an era for the British television manufacturing industry and the end of a very unhappy chapter in Caparo's history.

Fidelity is the last of the British-owned television manufacturers, and the reasons for its demise mirror those of the rest of the industry, in particular, cut-throat competition from Japanese manufacturers.

For Caparo, Fidelity has been a costly albatross ever since it took over the business in 1984 and became embroiled in a bitter legal battle with the previous management over the company's trading position at the time of the bid.

In the early 1980s Fidelity – floated on the stock market in 1971 – thought the best defence against changing tastes in hi-fi and Japanese competition was diversification from its core radio manufacturing operation. It expanded its new range of televisions with a colour model, taking on the Japanese directly, and moving into video recorders and CB radio, the latter proving an expensive mistake.

A rights issue raised nearly £4m in July 1983, but pre-tax profits fell significantly short of the forecast of £2.2m for 1983-84. As the share price plummeted, predators gathered, including Mr Swraj Paul, the chairman of Caparo, whose initial £13.5m bid was rejected by the board, and Alan Sugar, who waited in the wings for a while before deciding Fidelity's product range was too like Amstrad's to justify a counter-bid.

Mr Paul finally picked up the company for £14m in September 1984, but Fidelity never took off. Caparo had acquired the business because it looked as though its own core operations – manufacturing a wide range of products for heavy industry – were in a dead-end market.

Consumer electronics, on the other hand, was the go-go UK industry with Mr Sugar, Clive Sinclair and others as its entrepreneurial heroes.

But three factors hit Fidelity under Caparo.

First, the new owners claimed they had been misled by Fidelity's accounts for the year to March 1984. Caparo sued two Fidelity directors, Steven and Robert Dickman, alleging they overstated stock values and profits in the account, and also issued a writ against Fidelity's auditors, Touche Ross. The outcome of both cases is still awaited.

Japanese competition also began to tell on Fidelity's results and margins were squeezed. The retail price of Fidelity's televisions is now substantially lower than in 1984 and gross margins on the best-selling 14-inch model have been forced down from 20 per cent to 10 per cent.

Caparo reduced Fidelity's overheads and revamped its reputation. Its products used to be regarded as downmarket, unreliable alternatives to Japanese quality; Mr Paul now calles it "the Marks and Spencer of the consumer electronic market". However, Mr Paul says margins at that level were unacceptable.

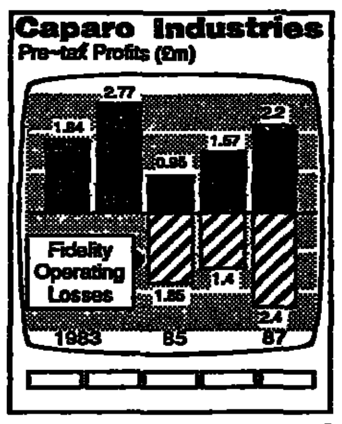
Swraj Paul, chairman of Caparo

Fidelity incurred a loss of £1.27m in the first year of operation under Caparo, increasing to £1.85m, before being checked at £1.11m in 1986-87.

Caparo has considered every possible means of saving Fidelity: from diversifying or importing Fidelity products through to sale or flotation of the business.

What finally tipped the balance was the unfavourable exchange rate, which pushed up the price of components and encouraged foreign imports. In the figures for 1987-88 just announced Fidelity lost £3.6m after financing charges and continues to make trading losses.

"Every step we took forward, we were forced to take two steps backward because of the exchange rate," said Mr Paul yesterday. But long before Mr Paul decided to throw in the towel, the writing had been on the wall for the British-owned television industry.



The final squeeze was applied last year. A new round of price-cutting that had got underway in earnest in 1986 cut the ground from under Ferguson, the largest UK producer, and persuaded its owner, Thorn EMI, to sell to Thomson of France. Fidelity was left to battle on as the lone survivor of the indigenous industry.

The demise of the UK-owned industry has not, however, meant a collapse of production in Britain. Indeed, output has been rising throughout the 1980s, driven by the arrival of Japanese companies and a steady build-up of capacity within their operations.

With the latest surge in the value of the yen, the Japanese commitment to British manufacturing has become even stronger. Last year, UK colour TV production jumped to 3.8m from about 3m in 1986, according to BIS Mackintosh, the market research group. Back in 1980, output stood at only 1.7m units.

Despite the increasing importance of the Japanese, Ferguson remains the biggest manufacturer in the UK, with its production this year estimated at around 700,000 units. The next largest is probably Sanyo, with output of about 450,000 TVs in the current year, followed by a clutch of producers on about 400,000 units a year.

Sanyo was one of the Japanese groups which took over an established British-based operation, in this case the former Philips plant at Lowestoft. Philips, based in the Netherlands, is itself a foreign investor, but the Lowestoft plant was originally owned by Pye, a British company.

The two other big names to disappear from the British industry are Rediffusion, which was closed down in 1985 when some of its other activities were taken over by Granada, and Decca, absorbed by Tatung of Taiwan which now manufactures in Telford in the Midlands.

The most interesting British name to emerge in recent years is Amstrad. But its products are mainly imported, and the sets are principally composite units which include both a television screen and a videorecorder.

Analysts believe that there will be a continuing trend towards Japanese production in the UK, influenced both by currency factors and trade pressures. European manufacturers still have a strong grip on the region's production as a whole, led by Philips, Thomson and Nokia of Finland, which has recently emerged as a leading player.

Banque ARJIL

The Annual General Meeting of Shareholders of **Banque ARJIL**, held on April 26, 1988, approved the accounts for 1987 as presented by the Executive Board.

Executive Board Chairman Mr Christian GIACOMOTTO reviewed the principal activities of Bangue ARJIL, since it began operations in April 1987. The Bank has been particularly active in three target sectors:

- **Financial activities:** operations in this sector included mergers and acquisitions, introducing companies onto the Paris Bourse and the creation of the investment company Compagnie Industrielle et Financiere de PRESBOURG, with equity of FRF 750,000,000;
- **Capital market activities:** Banque ARJIL rapidly established itself as an active operator, conducting operations for the accounts of corporate and institutional customers as well as for the Bank's own account;
- **Portfolio management:** by year's end, Banque ARJIL was managing total assets in excess of FRF 2.5 billion, mainly through 17 investment companies and funds which were especially created for this purpose.

At the end of its first financial year - which represented eight-and-a-half months of activity- the Bank returned a net profit of FRF 6.1 million. As at December 31, 1987, the total balance sheet stood at FRF 2.1 billion, with contingent accounts -including mostly hedging instruments- totalling FRF 5.2 billion.

In view of the high level of activity since the beginning of the current year, results for 1988 should show a significant increase.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action to be taken, you should consult your stockbroker, licensed dealer, bank manager, solicitor, accountant or other professional adviser immediately. If you have sold all your shares in Crescent Japan, please pass this document to the stockbroker, bank manager, licensed dealer or other agent through whom the sale was effected for transmission to the purchaser.

OLLIFF & PARTNERS P.L.C.

(Registered in England No. 2072503)

Registered Office:
32 Threadneedle Street
London EC2R 8BA

5th May 1988

To the shareholders of Crescent Japan Investment Trust PLC

Dear Shareholder,

GRACE-PINTO AND ASSOCIATES

PROPOSED UNITISATION OF CRESCENT JAPAN INVESTMENT TRUST PLC

At the Extraordinary General Meeting of Crescent Japan on 22nd April 1988 shareholders voted, by a resounding two to one majority, in favour of our clients', Grace-Pinto and Associates, unitisation resolution. The board's own resolution, that Crescent Japan should continue as an investment trust, was also defeated overwhelmingly.

Following the meeting the Chairman wrote to shareholders on 25th April 1988 enclosing a copy of the press release issued by the board immediately following the meeting. This letter sets out our response to the Chairman's letter.

For shareholders' information, the actual results of the voting at the meeting were as follows:

Resolution 1: **"Ordinary Resolution that the Company should continue as an investment trust in its present form" (proposed by the board).**
Result: **16,609,556 votes FOR (33.9%) 32,457,409 votes AGAINST (66.1%).**
Resolution 2: **"Ordinary Resolution to require the board to submit proposals for liquidation and unitisation of the Company" (proposed by Grace-Pinto and Associates).**
Result: **35,184,159 votes FOR (65.7%) 18,389,925 votes AGAINST (34.3%).**

In the light of the above we and our clients are extremely concerned at the contents of the Chairman's letter and press release. **The essence of the press release is contrary to the Company's Articles of Association which provide for one vote per share and not one vote per shareholder.** The board intends to ignore the wishes of the majority of shareholders as expressed in the votes cast on the two resolutions and to use the Company's funds to support their own minority opposition to unitisation. This action by the board violates the clear instruction given by the majority of shareholders.

The board made certain statements in its press release with which we and our clients take issue:

"*The message is that Crescent Japan should continue as an investment trust.*"

The board's own resolution that Crescent Japan should continue as an investment trust in its present form was defeated by 32,457,409 votes to 16,609,556. The message from this is clear. Shareholders will want to know how the board plans to implement their wishes that the Company should not continue as an investment trust; unless the directors consider on reflection that, having lost so heavily a vote of confidence on an issue of their choosing, they are honour bound to resign.

"*In order to defeat unitisation proposals, the board requires only a 25 per cent. blocking minority.*"

The board's duty is to act in the best interests of the shareholders. It should be no part of the board's business to block the majority of shareholders' wishes, let alone promote minority interests.

"*We now believe we have a specific mandate to support our recommendation that shareholders oppose unitisation.*"

Shareholders have given a clear mandate to the board in favour of unitisation and have instructed the board to prepare unitisation proposals. The board has no mandate to spend shareholders' money in opposing unitisation.

"*This is a test case for the future of the investment trust sector.*"

This is not a test case for the future of the investment trust sector. The proposals have been put forward as a result of the poor performance of Crescent Japan. The directors are duty bound to look after the interests of the shareholders of Crescent Japan and these interests were clearly reflected in the results of the Extraordinary General Meeting.

"*We do not intend to let our supporters down. We shall continue the fight.*"

Who are these supporters? ....
Is it right for the directors to fight a majority of their own shareholders?

Are shareholders to conclude that the board, having overseen a 60 per cent. level of liquidity for the Company in a rising Japanese market and having approved a 50 per cent. increase in Edinburgh Fund Managers plc's ("EFM") management fee and having achieved the worst performance of all specialist Japanese investment trusts over the last year, will now go on to seek to engineer a stalemate, which would be detrimental to all shareholders and would inevitably cause a fall in the share price?

Shareholders are reminded that of the five directors of the Company, three have been directors of EFM and two remain directors, including the joint Managing Director.

We have the following specific questions for the directors:

1. Will the board state the basis on which units in the new unit trust will be issued and confirm they will have a realisation value of at least 96 per cent. of Crescent Japan's net asset value? This is demonstrably achievable and based upon precedent.
2. The directors have told us that the Company's costs to date in resisting our clients' proposals amount to £300,000. Will the board undertake that it will not spend any more of the shareholders' money in mounting a minority defence against unitisation?
3. Our clients continue to be concerned about the apparent conflicts of interest. Can the board confirm that at the very least the development of detailed unitisation proposals will be delegated to the directors independent of EFM who should be committed to maximizing shareholder value? They should bear in mind that shareholders have shown a lack of confidence in the board, expressed on the last three occasions on which they have been asked to vote.

On 30th April 1988 the ordinary share price of Crescent Japan was 157p, a discount of 11.3 per cent. to net asset value per ordinary share of 177p. If unitisation proposals are approved with a realisation value of 96 per cent. of Crescent Japan's net asset value this would be equal to approximately 170p per ordinary share, an increase of 13p per share for all shareholders. If unitisation proposals are not approved shareholders can expect the share price to fall and the discount to widen to as much as 19 per cent., being the investment trust sector average. The price at this level of discount would be 140p.

It is the duty of the directors, following the resolutions passed at the Extraordinary General Meeting, to prepare proposals for unitisation in good faith and using reasonable care and skill. It is not the duty of the directors to attempt to compromise shareholders in order to gain support for the continuation of Crescent Japan as an investment trust against the expressed wishes of the majority of shareholders. We are confident that unitisation proposals which achieve a realisation value of at least 96 per cent. of Crescent Japan's net asset value will have the support of more than 75 per cent. of shareholders.

As a result of the board's recommendation to shareholders to vote against unitisation at the next Extraordinary General Meeting (as expressed in the Chairman's letter of 25th April 1988), we have doubts as to the board's commitment to bring forward proposals which will achieve a realisation value as defined above. We will send a copy of this letter to the board and expect replies to the above questions by 21st May 1988.

If no satisfactory replies are received, Grace-Pinto and Associates will consider what further steps must be taken to protect the interests of all shareholders. These steps may, if the directors persist in their opposition against the majority of shareholders, include requisitioning a further meeting of the Company to remove some or all of the directors and/or to terminate the existing management contract. Alternatively, our clients reserve the right to accept an offer for the Company made to all shareholders.

Yours faithfully,
for Olliff & Partners P.L.C.

B. M. Olliff
Managing Director

Detailed below are a number of relevant events which have occurred over the past few months. These events exemplify the recent poor performance of Crescent Japan and the way in which its directors have misjudged the views of their shareholders.

● **12th November 1987—good management?**
The Directors announced that they considered that ..."**In the radically altered investment climate resulting from recent heavy falls in world stockmarkets and the continued high valuations of many Japanese equities, pursuit of the recent policy of being fully invested in equities would be imprudent.**" Events proved them wrong. At that date the TSE Index was at 1767.23 and at 3rd May 1988 the TSE Index had risen to 2213.08.

● **25th January 1988—good management?**
Despite the poor performance of the Company the directors increased the management fee of Edinburgh Fund Managers plc ("EFM") by 50 per cent. This, along with an unusually long five year contract, makes the management agreement one of the most restrictive in the investment trust sector.

● **18th February 1988—misjudgment of shareholders' views**
At the Extraordinary General Meeting shareholders voted down the board's proposed scrip issue of warrants.

● **February 1988—lack of commitment of EFM to investment trusts** – *The Scottish Business Insider*
Colin Ross, joint managing director of EFM, stated... "**The real issue is the maintenance of an investment management industry up here, not the concentration on a product which frankly has had its day.**"

● **8th March 1988—creation of shareholder value?** – *Our letter to the Chairman*
"**I would like to meet you at the beginning of next week to discuss our proposals...I shall be grateful if you will let me know by Friday 11th March when it would be convenient to meet with you. We would, of course, be prepared to come to Edinburgh.**" The board would not agree to a meeting.

● **14th March 1988—creation of shareholder value?** – *Our letter to the directors*
"**...if on reflection you wish to reconsider our request for a meeting we remain ready and willing to see you.**" The board would not agree to a meeting.

● **21st March 1988—creation of shareholder value?** – *Our letter to the Chairman*
"**We continue to remain ready and willing to discuss with you any aspect of a proposed unitisation of the Company.**" The board would not agree to a meeting.

● **31st March 1988—poor performance**
The Association of Investment Trust Companies' figures to 31st March 1988 show that Crescent Japan was the worst performing of all specialist Japanese investment trusts over the year to that date.

● **5th April 1988—creation of shareholder value?** – *Chairman's letter to shareholders*
"**In the opinion of Citicorp Scrimgeour Vickers, the realisation discount could, as a consequence, be as high as 10.5 per cent. compared with the closing discount to net asset value on 29th March 1988 of approximately 14 per cent.**"

● **5th April 1988—misjudgment of shareholders' views** – *Chairman's letter to shareholders*
The directors convened a meeting requisitioned by Grace-Pinto and Associates and added their own resolution—"**THAT Crescent Japan Investment Trust PLC continues as an investment company in its present form**"—as a diversion. Shareholders later made clear their views on this resolution by voting against it and defeating it.

● **12th April 1988—independence of the board's advisers?** – *Our letter to shareholders*
"**Shareholders are being advised by the board of directors who in turn are guided by the merchant bank, Noble Grossart Limited......Shareholders should further note that, of the five members of the board, only two are truly independent of EFM, namely Mr. Macdonald and Mr. Cassidy. Mr. MacLennan and Mr. Watt are both directors of EFM (as disclosed in the Company's document). Mr. McInroy joined EFM at its formation, remains a shareholder and has been a director.**"

● **13th April 1988—conflict of interest?** – *The Lex Column—Financial Times*
"**Advising them are merchant bankers Noble Grossart, and shareholders could be forgiven for finding it curious that the managing director of the bank is also chairman of Edinburgh Fund Managers, which manages Crescent Japan. That is the sort of thing which starts one looking around for a bit of help from the referee.**"

● **15th April 1988—facts from our letter to shareholders**
"**The EFM Tokyo Fund, a specialist Japanese unit trust, has outperformed the Company over the past five years.**"
"**Crescent Japan's liquidity was as high as 64 per cent. when the Tokyo Stock Exchange Index stood at 1725.83. Over the next two months as the index climbed to 2078.87 liquidity remained as high as 50 per cent. The Company announced on 11th April 1988 that liquidity had been reduced to 6 per cent. but by that date the index had reached an all-time high of 2183.58.**"
"**Unitisation can achieve 96 per cent. of net asset value.**"

● **22nd April 1988—misjudgment of shareholders' views**
Result of shareholders' meeting
Resolution 1: result: 16,609,556 votes FOR (33.9%) 32,457,409 votes AGAINST (66.1%).
Resolution 2: result: 35,184,159 votes FOR (65.7%) 18,389,925 votes AGAINST (34.3%).
The board was defeated on both resolutions.

● **25th April 1988—doubtful tactics?** – *Chairman's letter to certain institutional shareholders*
"**The board of Crescent Japan was most disappointed to learn that [you] voted against the board and for unitisation at the extraordinary general meeting held last Friday....We hope that you will reassess your policy towards investments such as this so that your investment managers can take note of the clear wishes of the majority of shareholders in Crescent Japan and not be restricted to taking their decision on short term portfolio grounds.**"

THE ABOVE POINTS ARE AMPLE JUSTIFICATION FOR OUR CLIENTS' RESOLUTION — DO NOT BE DIVERTED. IN ADDITION TO POOR PERFORMANCE, THE SUBSTANTIAL REDUCTION IN THE DISCOUNT IS A FURTHER COMPELLING REASON FOR THE UNITISATION OF CRESCENT JAPAN TO PROCEED.

CAUTION
On 30th April 1988 the ordinary share price of Crescent Japan was 157p, a discount of 11.3 per cent. to net asset value per ordinary share of 177p. If unitisation proposals are approved with a realisation value of 96 per cent. of Crescent Japan's net asset value this would be equal to approximately 170p per ordinary share, an increase of 13p per share for all shareholders. If unitisation proposals are not approved shareholders can expect the share price to fall and the discount to widen to as much as 19 per cent., being the investment trust sector average. The price at this level of discount would be 140p.

OLLIFF & PARTNERS P.L.C.
Member of The Securities Association
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UK COMPANY NEWS

Anti-viral drugs boost Wellcome

BY PETER MARSH

A STRONG performance from the anti-viral drug Zovirax and from Retrovir, the only formulation available on prescription to combat Aids, was behind a 17 per cent rise in interim pre-tax profits announced yesterday by Wellcome, the UK pharmaceutical company.

The profit figure of £94.8m (£81.2m) was for the first six months of 1987-88 to February 27. Sales rose 6 per cent to £588m.

Earnings per share were 6.4p, an increase of 17 per cent. The company announced an interim dividend of 1p (0.81p) per share.

The advances were achieved in spite of the adverse effects of currency fluctuations, chiefly the strength of sterling against the dollar. Wellcome said that if its figures had been calculated using constant 1988 exchange rates, pre-tax profits would have increased by 45 per cent on turnover 18 per cent higher.

Mr Alfred Sheppard, chairman, said a significant factor behind the results was a strong contribution from Zovirax, which is used against herpes and other viral infections like shingles, and Retrovir, which went on sale just over a year ago.

Since then Retrovir has been licensed for use on prescription in about 40 countries. Although the drug has not been heralded as a cure for Aids, which is nearly always fatal, it has held up the course of the disease and relieved symptoms.

Sales of Zovirax, Wellcome's best-selling formulation, climbed to £94m, compared with £71m. Sales of Retrovir were £40m (nil). In the second half last year they were £16m.

Mr Shepperd refused to be drawn on exactly how much both drugs contributed to the profit figure, although this is assumed to be substantial. Some analysts have suggested sales of Retrovir could climb as high as £200m a year by 1989.

Behind this speculation is that Wellcome is conducting trials of the drug for treating people who are not suffering from the full effects of Aids but who are infected by the HIV virus.

Wellcome benefited in the first half from strong underlying growth in the US, continental Europe and Japan, where pharmaceutical sales rose by 26 per cent, 27 per cent and 33 per cent, expressed in local currencies.

Only about 10 per cent of Wellcome's business is in Britain, while two fifths of sales are in the US, the company's biggest market.

Trading profit for the first six months was £100.1m (£84.9m). Net interest payable was £5.3m (£3.7m) and tax took £40.1m (£34.3m).

Mills & Allen forming European network

BY PHILIP RAWSTORNE

Mills & Allen, the UK's largest outdoor poster company and a wholly owned subsidiary of MAI, the international financial, media, and information services group, has joined forces with Avenir Publicite, the French poster group, to establish a European outdoor advertising network.

The joint venture is being established by a series of transactions announced yesterday.

Mills & Allen and Avenir are buying 21 per cent of each other's capital. Mills & Allen is paying FFr 176m (£16.6m) for its stake in Avenir; and Avenir is subscribing £12.6m for its stake in the UK company. The deals value Avenir at £79.1m and Mills & Allen at £60m.

The two companies are establishing a new jointly owned company, Europoster, which in turn is buying Mills & Allen's Belgian subsidiary, Bernaerts, for £14.7m; acquiring control of La Red, a leading Spanish outdoor advertising contractor, for Ptas480m (£2.3m); and seeking further acquisitions in other European countries.

Avenir Publicite, which is listed on the French stock exchange, is controlled by Havas, the French advertising group. Avenir has a 25 per cent share of the French poster market and made pre-tax profits last year of £10.8m.

Mills & Allen, whose 19,000 poster panels give it a similar share of the UK market, expects turnover for the year to June 30, 1988, to approach £34m, with pre-tax profits estimated at more than £6m.

After the Monopolies and Mergers Commission ruling that MAI must sell 2,000 of its UK poster sites by November, and with the prospect of a unified market in 1992, Mr Hollick said that it was natural to look towards Europe for expansion opportunities. The company already operates in Hong Kong, Malaysia, Singapore and Australia.

More O'Ferrall, MAI's major UK competitor also provides a full outdoor advertising service in France and Belgium - the operations now contribute 25 per cent of profits - and recently moved into Taiwan. The company has indicated that it might be interested in acquiring some of the UK sites that MAI has to sell.

Hillsdown sells 5.7% stake in Bassett

By Nikki Tait

SHARES in Bassett Foods, the Sheffield-based confectionery manufacturer, yesterday slipped 5p to 226p on news that food and furniture group, Hillsdown Holdings, has sold its 5.73 per cent stake.

Hillsdown emerged as a shareholder in Bassett in early 1986, when Bassett shares were trading at around 160p. The food group is thought to have suggested a friendly deal, but was consistently rebuffed by Bassett. Yesterday, Bassett chairman Mr Bev Stokes said that he could not "hand on heart" say that he was sorry to see Hillsdown leave the share register, but stressed that matters had remained friendly. Bassett's brokers helped place out the holding, mainly amongst institutional investors.

Meggitt expands US aerospace side via $40m purchases

BY MARTIN DICKSON

Meggitt Holdings, acquisitive specialist engineering group, yesterday announced an expansion of its aerospace and defence operations in the US through two purchases costing $40m (£21m).

It is buying Plastic Fabricating, a Kansas-based manufacturer of composite and metal bonded structural components from Criton Industries for $32m, and New York-based Ragen Data Systems, which makes engine and air data instruments, for $8.5m.

Plastic Fabricating's products are used by both civil and military aerospace manufacturers, including Boeing, Bell Helicopters, General Electric and McDonell Douglas, for high technology components such as helicopter rotor blades and crashworthy crew seats.

It made pre-tax profits of $4.7m in 1987 on turnover of $17.3m, and its assets have a net book value of $6.1m.

Meggitt said the development of composites technology had led to major changes in the design of aircraft components and it intended to extend Plastic Fabricating's technology to its other aerospace companies in the US and Europe, most of which currently used conventional metal technology.

Meggitt, which announced in March that it had signed a letter of intent to buy Ragen, said yesterday that definitive contracts had now been exchanged.

Ragen had a turnover of $10.2m in the year to last September and pre-tax profits of $1.2m. Meggitt's subsidiary, Negretti Aviation, is already a major supplier of instrumentation to European aerospace companies. In addition, Ragen is a significant supplier of components for aircraft fuel systems – an area in which Meggitt companies have not previously operated.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Finals- Eagle Trust, UPL.

FUTURE DATES

Interims-	
Baggeridge Brick	May 18
Parkway	May 16
TSB	June 30
Finals-	
Caffyns	June 8
Davenport Knitwear	May 26
England (J.)	May 10
Monks Investment Trust	May 24
Parrish	May 11

Crown TV

Crown Television Productions Turnover £2.54m for half year ended March 31 1988 (£1.83m) and profit £268,000 (loss £227,000). Earnings 1.8p (losses 2.4p).

French loss holds back Select rise

By Clare Pearson

Losses at its French subsidiary held back full year results of Select Appointments, although pre-tax profits still came out at £1.91m, £16,000 higher than the employment agency forecast when it joined the USM a year ago and up 62 per cent on the previous 12 months.

A 47 per cent tax charge of £912,186 contained no relief for losses amounting to £514,000 at Select France, which culminated in the departure of the area managing director in February.

But strong organic growth in the UK enabled earnings per share for the year to April 2 to come out 41 per cent higher at 9.4p, on a fully diluted basis. There is a recommended final dividend of 1.5p, making 2.5p for the year.

About sixty per cent of the losses in the French division, which operates from four outlets, arose from ten doubtful debts incurred by the Bordeaux office.

Mr Robert Klapp, chairman, said a thorough overhaul of management had been carried out at Select France since the dismissal of the managing director.

Mr Klapp said operations both at home and abroad had made a buoyant start to 1988, with no signs of a recession.

Substantial growth in new orders at STC

LORD KEITH, chairman of STC, told the annual meeting that profits, sales and cash in the first quarter were all well ahead of last year. He said the order intake had started well with a substantial growth in new orders.

The communications group had achieved an order book which covered 90 per cent of its anticipated annual turnover. Lord Keith said initial indications for the current year made it possible for him to reinforce earlier expectations of a material improvement in profit for 1988.

Highlights from other annual meetings were:

At United Biscuits (Holdings), the chairman said the year had started well. Results in the first quarter were ahead of the same period last year and ahead of budget.

Professor Roland Smith, chairman of Hepworth Ceramic, told members that trading in the year to date had been excellent and that unaudited results showed a significant improvement over the equivalent period last year.

The meeting agreed to change the company's name to Hepworth.

First quarter results at Newman Industries had met the board's best expectations and, all being well, 1988 should be a year of further development and growth. The holding company will in future be known as Avdel.

The year at Alida Holdings had started well and it should see a continuation of growth trends with the usual bias towards the second half.

Trading in the first four months at Evans Halshaw had been very strong, and all markets in which the company operated were showing continued growth.

The chairman of Bowater Industries said sales, trading and pre-tax profit levels were comfortably ahead of 1987 and in line with budget.

Telemetrix under S African control

BY PATRICK DANIEL

Telemetrix, the loss-making manufacturer of computer graphics monitors, yesterday unveiled a major equity restructuring proposal that will see up to 60 per cent of its shares passing into the hands of Altron Group, a major South African electronics company.

Telemetrix, whose share dealings were suspended last week pending yesterday's announcement, also announced a pre-tax loss of £2.41m - on turnover of £5.68m - for the six months to January 3, largely due to exceptional provisions totalling £1.7m.

Altron (Allied Electronics Corporation), which is listed on the Johannesburg stock exchange with a market capitalisation estimated by the company at R3.5bn (£855m), said yesterday at Telemetrix will become th group's "flagship" company in e UK.

The group has diversed interests in telecommunica ns, electronic components, formation technology and elec c power generation. For the ar ended February 29, it report a pre-tax profit of R139m (£34 on turnover of R1,565m (£38).

Mr Roy Cotterill, hairman of Telemetrix, said in s announcement yesterday th Telemetrix will be built into 'major European electronics g p, with particular emphasis becoming a leading Europ computer graphics speciali and a significant internatio l supplier of communications nd data equipment".

He also announced that Mr Snedden is to be appointed deputy chairman and joint chief executive of Telemetrix, subject to shareholders' approval at an extraordinary general meeting scheduled for June 1 this year.

Shareholders will be asked to approve the restructuring proposal which will involve the issue of 35m new shares to Altron at 21p a share - a 36 per cent discount on the 33p suspended price. This will result in a capital injection of £7.35m from Altron.

The shares will be subscribed by a new company, Titan International, to be incorporated in Guernsey and owned by a trust whose sole beneficiaries are Altron and its subsidiaries.

In addition, shareholders will be offered a one-for-four rights issue, also at 21p, to be underwritten by Titan. This will raise a further £1.1m.

The proposals, together with the loss provisions announced yesterday, will revamp Telemetrix's balance sheet. The company will have substantial cash resources - with no net debt - to finance expansion through acquisitions and organic growth.

Commenting on the proposals, Mr Coterill said that Telemetrix had looked for a partner to build up its modern manufacturing facility at Tewkesbury in Gloucestershire which Mr Snedden described as "the most magnificent I have ever seen".

Telemetrix shares yesterday fell initially to 29p but recovered to close unchanged at 33p.

Market float vlues Thorntons at £79m

BY PHILIP COGGAN

CUSTOMERS of Thorntons, chocolate retailer and manufacturer, are about to discover a new offering amongst the rum truffles and coffee creams.

From tomorrow, 20,000 prospectuses for the offer-for-sale will be available in Thorntons' shops. The offer, launched by S G Warburg and Granville, values Thorntons at £78.6m.

The company may have taken 77 years to join the stock market but it could scarcely have chosen a more propitious moment to float. The ritish chocolate industry is der siege from all sides as fo gn companies seek to buy up ong-established confectionery and names.

Thornt s' profits have been growing bstantially in recent years a the company has increase the number of its outlets, im oved its manufacturing produc ity and widened its range special products for key seasor such as Easter and Christ s.

The roup now has 201 retail stores plus a further 92 franchised outlets. The stores sell almost exclusively Thorntons' products but the manufacturing arm does make confectionery for other retailers, notably Marks and Spencer, which accounted for 8.67 per cent of last year's turnover.

Pre-tax profits in the year to May 30 1987 were £6.18m and the company is forecasting profits of £7.4m in the current financial year. At the offer price of 125p, the shares are on a prospective p/e of 15.

S G Warburg and Granville are jointly offering just under 17m Thornton shares – 27 per cent of the equity. Around half of the shares being offered are new – netting the company around £8.5m.

Applications are being invited for a minimum of 200 shares and must be received by Friday May 13. Dealings are expected to start on May 24. A comment will appear with the prospectus in Monday's paper.

Few takers for Dutch oil bid

By Steven Butler

SHV, the private Dutch industrial group, yesterday said that it had few takers for its 165p per share bid for Acre Oil and would return acceptance documents now that the offer had lapsed.

The bid, for which shareholders representing only 0.4 per cent of the equity sent in acceptances, was intended to provide an underpinning for the value of the shares in the new independent oil company, which was formed from the oil assets of SHV and the Calor Group. SHV did not intend to acquire control of the company.

SHV held 40.2 per cent of Acre at the offer date. Acre shares yesterday closed at 193p.

Highcroft

Highcroft Investment Trust raised pre–tax profits from £498,978 to £528,786 in 1987. Earnings per share grew to 6.48p, against 5.86p, and the directors recommend a final dividend of 1.6p for a 2.7p (2.45p) total.

Rodenhurst Estates, has agreed to purchase a freehold property at 269 Banbury Road, Oxford, for £1.5m cash.

French operations spark 64% growth at Nu-Swift

BY CLAY HARRIS

COST REDUCTIONS enabled Nu-Swift Industries, fire extinguisher manufacturer and distributor, to increase pre-tax profits by 64 per cent to £24.4m in 1987. The rise was achieved on turnover ahead by only 4 per cent to £134.3m.

Most of the improvement came in France, which accounts for nearly 80 per cent of profits. Rationalisation of distribution and administration lifted profits before interest and tax in that country to £20.7m (£12.5m).

The UK contributed £5.5m (£5.1m) and other countries £98,000 (£79,000). Sterling's rise against the French franc reduced taxable profits by £1.3m.

The group plans to concentrate this year on reducing the cost of production, most of which is based in France.

Nu-Swift's 87 per cent owned French subsidiary, Compagnie Centrale Sicli, raised £1.07m after tax through the flotation of 10 per cent of its own subsidiary General Incendie on the Second Market in Paris. Net of £300,000 in re-organisation costs, this resulted in an extraordinary credit of £780,000 (£1.78m debit).

Sicli also bought out the 37.8 per cent minority in SIDES, another French subsidiary, for FFr 5.9m (£590,000) and acquired a French regional operator, KO Participations.

Net interest paid fell to £1.8m (£3m), and the tax charge rose from 27 per cent to 45 per cent with the exhaustion of carried-forward French tax losses.

Earnings per share advanced by 28 per cent to 27.65p (21.66p). A proposed final dividend of 8p will raise the total to 10p (7p).

● comment

The hottest days, alas, are probably over for Nu-Swift, but it should still spark some interest. Production efficiencies and reductions in central costs have set the stage for additional regional acquisitions in the UK and France, and perhaps even an opportunistic foray into the US, but the extinguisher market is definitely mature. The listing for General Incendie, its main French brand, means that paper bearing a household name is available for acquisitions on that side of the Channel. This should not be strictly necessary, however, since organic cash flow has put the group in surplus since the year-end. Now that France is nearly sorted out, Nu-Swift will have to turn its attention back to increasing the contribution from the UK where ACT could become a problem within a year, especially since the group would like to pursue its slightly more progressive dividend policy. The historic yield is now 5 per cent but prospectively is more likely to be in the region of 6.6 per cent. This presumes pre-tax profits of £29m, where the prospective p/e is 8, and another easing of dividend cover. Much depends on the cost of rationalising production and how it is taken.

Jitra downturn

Although earnings fell from 1.93p to 1.36p, Jitra Rubber Plantations is maintaining its dividend at 0.9p for 1987.

Profit before tax fell to £171,000 (£255,000) after a loss of £1,500 (gain £90,000) on the sale of fixed asset investments. Income from investments came to £145,000 (£157,000) and the related company – Singapore Para Rubber – contributed £54,000 (£42,000).

Singapore Para

With earnings rising from 1.53p to 1.93p in 1987, Singapore Para Rubber Estates is lifting its dividend from 0.9p to 1.1p.

Turnover moved up to £652,000 (£649,000).

Operating profit more than doubled to £235,000 (£111,000).

The balance before tax came to £330,000 (£248,000).

Henry Boot m kes £3m and restores d idend

Henry Boot & Sons finished 1987 with improved profits, earnings, and asset values, and no gearing.

With that background and confidence, the directors are restoring the dividend to its full 1984 level of 14.5p, with a final of 9.5p.

In 1987 this construction, railway, engineering and property group turned in reduced turnove of £153.37m, compared wit £160.5m, but lifted its pre-t profit from £2.41m to £2.99m, a earnings from 36.6p to 42.4p.

The profit represented a ther recovery from the los f £7m in 1985. Then the divi d was cut to 6p but restored tially to 10p in the following ar.

Mr D.H. Boot, chairman aid while the climate for the U construction industry had ge ally improved, there wer still regional differences.

building and civil engineer the Northern company's per mance was disappointing but ich was attributable to the tim g of settlements. The Southern mpany continued its steady rogress.

Private housing development showed further growth in sales and profitability. Progress on current developments suggested that would continue. Property development made significant progress.

Railway engineering experienced a difficult year, but the revival of interest in railway development in the UK should improve prospects generally, Mr Boot said. The Channel Tunnel was starting to generate work and interest in urban light rail systems was increasing.

APPOINTME S

Ansbac er board posts

Mr Bernard Jolle as been appointed a director the corporate finance de tment of HENRY ANSBAC R & CO., from May 9. He a director and head of capita arkets origination at Samuel ntagu & Co. Mr Paul Belesw joins on May 31 as a director the banking department. He assistant general manager in e banking division of Banq Nationale de Paris.

★

HOLROYD MA HINE TOOLS & ROTORS, pa of the Renold International gineering Group, has appointe Mr Stuart France as sales di tor. He was UK sales manag for Manurhin, a French ma ne tool manufacturer.

★

Mr Roge Wild has been appointed ief executive of INITIAL AU MATI SERVICES following e retirement through ill health Mr David Baron. Mr Wild was egional director.

★

MOORE STEPHENS has appointe as partners Mr Hugh Parry, r Nichoas King, Mr Philip Parr, Ms net Chrastek, and Mr l Mehta.

Mr Hug R. Sy s, a founding partner f Seas pe, has joined SHIPPING AND INVESTMENT SERVICES.

★

Mr Anthony piro has been appointed comp y secretary of the 600 GROUP He has been with the group sinc 1985.

★

AINSLEYS F LEEDS has appointed M Andrew Hinks as financial dire or. He will remain company sec tary.

★

Mr Ian acock has been appointed hairman of MAYBORN GR UP following the retirement f Lord Bearsted who has been hairman since 1946. Lord Bea ed will remain on the board. M Peacock was finance director f Habitat Mothercare until 1 6 when he joined the Maybo board. He is a non-executive director of Storehouse, Natio l Freight Consortium, and ther companies.

★

THE NATIONAL & PROVINCIAL BU LDING SOCIETY has app inted Mr Eric Smith to the ma r board as director of field op rations. Mr Keith Mather, rincipal solicitor, has beco e ecretary and solicitor. Mr Jo ockshott has been appoint d corporate planning manager. e was planning manager.

★

GRANYTE SURFACE COATINGS, Salford, has made th following board changes from une 1. Mr William Junner will etire as managing director, bu will continue as executive chairman with special responsibility for overseas development and acquisitions strategy. Mr Gordon Hall, group sales director, becomes managing director, and is succeeded by the southern area sales manager Mr Brian Williams.

★

Mr Mike Hauck, managing director, has been appointed chief executive of MSAS CARGO INTERNATIONAL, Bracknell. He succeeds Mr Tom Loughead, who will be returning to the US to become chairman of MSAS Cargo International Inc. He remains a director of the UK company. Mr Ron Hewison, American regional director, is leaving the company to pursue his own interests. The company is a wholly-owned subsidiary of Ocean Transport & Trading.

★

ACSIS GROUP has appointed Mr Peter Weinberg as finance director. He joins from Standard Chartered where he was controller of group financial projects.

★

Following the acquisition of Pork Cuts by CRANSWICK MILL GROUP Mr Martin Davey, finance director, also becomes managing director. Dr Bernard Bell becomes director responsible for feed production.

★

SURGICRAFT, Redditch, has appointed Mr Neil Gillespie as chairman following the retirement of Mr D.W.D. Showell, who will remain on the board. Mr Gillespie is also group chief executive of Richards, Leicester. Dr T.K. O'Brien joins the board as research director.

★

BARING SECURITIES has appointed Mr Kazuo Shiogai and Mr Bruce Johnson as directors, and Mr Alex Murray as assistant director.

★

CARLESS, CAPEL & LEONARD has appointed Mr Colin Pattersonas group director - personnel.

★

CHRISTIAN SALVESEN has appointed Mr Freddie Craig as managing director of its distribution division, and Mr Christopher Jack as managing director of its specialist services division.

★

Mr Alan Vickers has been appointed managing director of the newly-formed SEARS sports and leisurewear division. He was managing director of the quality sector, British Shoe Corporation. Mr Jack Clark has been appointed finance director of the womens fashion division. He is succeeded by Mr Andrew Meehan as finance director at Selfridges. Mr Charles Whittam has joined Sears and takes over from Mr Meehan as manager financial planning.

Australia tightens controls on its coal exports

BY CHRIS SHERWELL IN SYDNEY

THE AUSTRALIAN Government acted yesterday to tighten its administrative controls over coal export contracts, only 20 months after relaxing them.

The move by the world's largest coal exporter follows recent disappointing price settlements with Japan, the main export market. The decision was disclosed in the announcement of a new long-term coal strategy.

Mr John Kerin, Australia's Minister for Primary Industries and Energy, said the administration of export controls would be strengthened within his department, and an independent coal marketing and technical panel would be established to advise him.

His department would also "develop and implement a coal marketing thrust" to complement the marketing activities of coal companies and other agencies. Its Bureau of Agricultural and Resource Economics had already begun gathering market intelligence to further boost its marketing power.

Mr Kerin rejected a call by trade unions to create a national coal marketing authority. Appointment of a bureaucracy to handle a commercial operation was not a solution to the marketing problems of the industry, he said.

But he did announce that the existing Australian Coal Consultative Council would be restructured into a new Coal Industry Development Council with wider membership. This would advise ministers on marketing, resource development, conservation, research and development and structural change.

On the industry's fraught industrial relations, Mr Kerin said there was a need for management to accept more widely the validity and benefits of union involvement in discussions on job security, market development, production and finance.

He acknowledged that, while there was a good deal of agreement on the overall strategy he was outlining, it had not been developed through consensus. "Some of the decisions made will not satisfy all elements of the industry," he said.

Yesterday's announcement came 20 months after Australia relaxed its export controls over a range of minerals, reducing government involvement in international negotiations and allowed mining companies to conclude their own deals with purchasers.

However, it also gave the Australian Government a reserve power to examine contract terms before granting final approval. Earlier this year, Mr Kerin used this clause to defer approval of coking coal contracts with Japanese steel companies.

US metal traders disciplined

BY NANCY DUNNE IN WASHINGTON

THE INDUSTRY Council for Tangible Assets (ICTA), the largest US trade and industry association for coin and precious metals dealers, celebrated its fifth anniversary in Washington last week and for the first time disciplined three of its members for violating the group's code of ethics.

The details will not be made public for a month, but Mr Bruce Kaplin, a senior vice-president of A-Mark Precious Metals Inc., of California, said the ICTA had expelled two members and censured a third for failing to make timely delivery on a contract.

The action comes at a time of increasing investor interest in precious metals and widespread publicity about "boiler-room" telemarketing swindles. For its part, ICTA requires that its members base marketing and advertising on truth; deliver all purchases promptly; grade all tangible assets in keeping with approved standards; and make prompt payment for returned goods.

According to a Johnson Matthey survey released earlier this year, Americans – in the wake of the stock market collapse – have begun to take a new look at precious metals as a hedge against inflation and economic recession as well as an insurance policy against economic calamity.

More than one out of every 12 American adults has purchased precious metals at some time. The buyers are younger than investors as a whole, are predominantly college-educated men and earn salaries of $40,000 per year and more.

Ms Andrea Gould, director of investments at Platinum Guild International (USA) Inc., says platinum purchases – particularly in jewellery – have rocketed. Worldwide demand rose from 45,000 ounces in 1982 to 450,000 in 1986 before easing back to 280,000 last year. According to Johnson Matthey, platinum investment sales in March this year were up 60 per cent from January, with most of that demand coming from the US.

With brokers increasingly recommending precious metals to balance investor portfolios, demand for gold and gold coins is also up. Between 1985 and 1987 investors worldwide increased their gold holdings by 27 per cent. Over the same period, sales of new gold coins rose from 2.1m to 2.8m.

Until recently, coin dealers dominated the US precious metals market. However, now brokers and banks are entering the field in ever increasing numbers, according to Mr Kaplin.

To protect investors and fend off any potential governmental standard-setting, ICTA – now 650 members strong – has created a new Coin and Bullion Dealer Accreditation Programme. The programme has already had more than 200 applicants, who are willing to submit to personal and business history background checks by Pinkerton Inc., the security service.

Accredited dealers will be required to provide consumers with written disclosure of rare coin investment risks similar to those required by securities and commodities brokers.

Norsk Hydro to close magnesium plant

BY KENNETH GOODING, MINING CORRESPONDENT

NORSK HYDRO, Norway's biggest quoted company, said yesterday it would permanently stop magnesium production at its Porsgrunn plant from next Tuesday.

This will cost the output of 12,000 tonnes of magnesium or more than 4 per cent of the non-Communist world's supply.

Norsk's decision follows the dismissal of its appeal against the imposition of more-stringent pollution controls by the Norwegian Environment Ministry at its plant in southern Norway.

It will cost NK 250m (about £22m) a year in lost exports and NK60m (about £5m) in lost profit, the company said. In 1987 it made a NK1.83bn (£159m) net profit.

The closure comes at a time when demand for magnesium has been growing strongly, particularly from the aluminium and iron and steel industries. Stocks are also low at North American die-casting foundries.

The market is tightly controlled by the producers who have been eliminating their discounts, effectively raising the price of magnesium by about 10 per cent in the past two months.

However, new production capacity will shortly come into operation, including a Norsk Hydro plant at Becancour, in Canada, which should start up in the first half of next year with an annual capacity of 40,000 tonnes. Output should reach that level in 1990 at which time Norsk reckons the market will be more or less in balance.

Warning of further EC cuts in meat support

By Tim Dickson in Brussels

A WARNING that the European Community's beef and sheepmeat producers face further cutbacks has been sounded by Mr Peter Pooley, deputy director-general for agriculture at the European Commission.

Speaking at a seminar in Brussels organised by the Centre for European Policy Studies, Mr Pooley praised the results achieved by reform in the dairy sector and claimed that the new measures recently introduced for other regimes – collectively known as stabilisers – were in most cases elegant and simple to understand.

Contrasting the success of the dairy reforms with the disappointment of the changes in the beef sector, he did not mince his words. "The beef reform has signally failed to meet its specification, to the extent that we are proposing interim adjustments to the interim reform, before passing on to the definitive completion of the task: beef is easy, in terms of seeing what is wrong, but it may be politically difficult to put it right."

Given these sensitivites, Mr Pooley did not spell outdetails of the new limits on guaranteed intervention buying likely to be proposed by the European Commission. Nor did he describe the extent of the problem, which can be illustrated by the more than 750,000 tonnes of beef in EC stores at the moment compared with less than 600,000 at the end of 1986.

On sheepmeat, where the cost of the EC regime has more than doubled in the last year, Mr Pooley said the situation was "hideously complex, on both the internal and external fronts."

The dairy outlook, on the other hand, was encouraging, with no significant EC stocks of skimmed milk powder, manageable butter stocks – "I expect them to be under 300,000 tonnes by the end of the year" – and rising prices on the international market.

Mr Pierre Mathijsen, of the Confederation of the Food and Drink Industries of the EC, was sceptical about the impact of recent Common Agricultural Policy reform and pointed out that the Ecu 30bn (£20bn) cost to the EC budget was only part of the farm bill.

"Member states pay a further Ecu 30bn, while consumers pay another Ecu 40bn in prices which are four or five times what they are on world markets."

Mr Mathijsen said that agriculture should not be seen in isolation and added that 70 per cent of agricultural production was in some way "transformed" by industry.

Bridget Bloom on a radical new agricultural economics study

If we stopped subsidising farmers...

IF THE RICH WORLD stopped subsidising its farmers, it would create jobs, instead of losing them. The European Community alone could have lost 3m jobs through the Common Agricultural Policy.

Moreover, abolition of farm support policies would pare nearly $40bn a year from the US budget deficit and better the US external trade balance by some $42bn.

In addition, developing countries – hitherto thought certain to lose through agricultural liberalisation by the industrialised countries – would instead gain some $26bn a year, while even the poorest among them could pay off some of their crippling foreign debts.

These are among the startling conclusions of a new set of studies, launched in London earlier this week. The Canberra Centre for International Economics, which fathered the studies,claims that they are an important and innovative contribution to the cause of farm reform.

Dr Andy Stoeckel, the CIE's director, says everyone knows that agricultural protectionism is a problem: the spiralling cost of farm subsidies, the multiplication of butter mountains and wine lakes and the distortions wrought to world trade are testimonies.

But, he claims, the reason why so little has been done to solve the problems is lack of public awareness of the real macro-economic costs of agricultural protection. Dr Stoeckel believes the new studies provide the "weight of evidence . . . which will convince people to demand reform from their governments."

The studies, which cover the US, the EC, Japan, Korea and developing countries as a whole, have been published in the form of a readily accessible "overview", together with the technical papers which will be discussed later this month at a separate conference jointly with the American Enterprise Institute in Washington.*

At the London launch – attended by academics, business representatives, diplomats and civil servants – the studies were greeted with much interest and some scepticism. The latter was partly to do with the technical methods employed in the papers and partly based on doubt about whether the conclusions could prove politically acceptable.

Each of the studies asssumes the unilateral abolition of all farm supports, ranging from direct government aids to import restrictions and export subsidies. Computable "general equilibrium" models were constructed to work through the effects of liberalisation on each economy studied.

Dr Stoeckel, opening the London seminar, suggested that the starting point was the contention that there was "no such thing as a free lunch". Agricultural protection had heavy and often unforeseen costs. However, by the same token, abolition of protection could provide substantial and often much more important gains elsewhere in the economy.

The simplest example might be abolition by Japan of protection on beef. This would result in higher US beef sales to Japan and more yen for the US with which to buy Japanese cars.

In the same vein, Professor Robert Thompson, of Purdue University, Illinois, and a former US Assistant Secretary of Agriculture, noted that US high-priced support systems (together with the artificial shortages of land induced by the so-called land set-aside programme) had encouraged over-capitalisation of land and farm assets. Some $10bn could have been more gainfully employed in manufacturing, the studies claim.

They also show the increasing contribution of US farm support to the budget deficit, as US Government payments to maintain farmers' incomes increased from $3bn at the end of the1970's to $26bn la[illegible]year. Although defence was in [illegible]olute terms responsible for [illegible] huge growth in the deficit, fe[illegible]people had noted, Professor T[illegible]mpson maintained, that whil[illegible]efence spending had doubled, [illegible]n support had gone up by ove[illegible]0 per cent. Stop-go policies on[illegible]osting farm exports through go[illegible]nment subsidy also implied cos[illegible]or the US external payments b[illegible]nce.

Within th[illegible]uropean Community, the ma[illegible] costs of the CAP's farm suppo[illegible] have fallen on manufactur[illegible] output and exports and [illegible]iven the rigidity of real wage[illegible] the EC – on employment, [illegible] studies conclude. By incr[illegible]ing the cost of living, farm su[illegible]rt reduced the competitivenes[illegible] manufacturing and jobs h[illegible] been lost. If agriculture were[illegible]eralised, output could increa[illegible]y 1 per cent across the Com[illegible]unity, while manufactured ex[illegible] to the rest of the world could [illegible] 5 per cent.

One of the stu[illegible]s concentrated on German[illegible] the largest contributor to th[illegible]CAP and widely acknowledge[illegible] the key to its reform. Total [illegible]lic subsidies to German a[illegible]culture, including national aid[illegible]ount to some DM 20bn, or 70 [illegible] cent of the sector's gross valu[illegible]dded at domestic prices. The s[illegible]y estimates that, were farm [illegible]ection to be abolished, all ma[illegible]acturing sectors (apart fro[illegible] food) would expand, with, for [illegible]mple, exports of the mechani[illegible] and electrical engineering [illegible]tors increasing by 12 per cent.

Overall, the study est[illegible]tes that some 850,000 new jobs [illegible]ld follow from a policy of libe[illegible]ation.

As for developing countri[illegible] is assumed that liberalisatio[illegible] the main industrial count[illegible] would lead to a 10 per cent aco[illegible] the board rise in farm commodi[illegible] prices, which would feed throu[illegible] into more attractive prices f[illegible] producers in developing coun[illegible]tries and more revenue for thei[illegible] governments (from taxing tha[illegible] increased output as well as the resulting imports which more foreign exchange could bring).

If all these conclusions seem almost too good to be true, where is the catch? Contributors to the London seminar (who had had no time for a thorough perusal of the studies)raised three principal criticisms. On the technical level, several wondered whether the models used had not overstated the figures – if not the general argument – for the macro-economic benefits that would flow from liberalisation. For example, Dr Stoekcel admitted that while he was sure the trend was right, the figure of 850,000 new jobs for Germany was very much a "guesstimate".

Secondly, as Professor David Harvey, head of Agricultural Economics at Newcastle University, put it: "there are losers in all this." The point is recognised in the German study, which shows agricultural employment and output falling by 24 per cent and land rental values by 17 per cent. In the Japanese survey, land values are estimated to drop nearly 70 per cent. Advocates of liberalisation argued that savings achieved would be more than enough to pay farmers compensation for their losses.

The third criticism centred on the artificiality of studying the effects of unilateral liberalisation: the slowness of even the multilateral negotiations on farm reform within the GATT suggested that all talk of unilateral action was politically unrealistic, several speakers suggested.

Clearly the arguments are only just beginning. But at least seminar participants were agreed that the new studies are an important original contribution to the continuing debate.

*Macro-economic Consequences of Farm Support Policies. From Trade Policy Research Centre, 1Gough Sq, London EC4, or the Centre for Internation Economics, Canberra, Australia. £30 for full [illegible]et of papers.

Swedish oil group signs Yemen contract

BY ROBIN ALLEN IN DUBAI

INTERNATIONAL Petroleum Corporation, a Swedish-owned, Bermuda-registered company, has signed an oil concession agreement with North Yemen's Ministry of Petroleum and Mineral Resources covering 4,300 sq km in the Al-Jawj/Marib area.

IPC will conduct field geology and seismic operations to be followed by a programme of exploratory drilling, according to Mr Lukas Lundin, the company's vice-president for exploration. The concession is near Yemen Hunt Oil's Alif Field, which is currently producing some 130,000 barrels a day.

Mr Lundin declined to comment on the financial and production-sharing terms of the deal, but similar ones in countries where production-sharing agreements are in operation suggest that IPC would have paid the Government of Yemen up to $500,000 (£268,000) as a signature bonus, with an initial production-sharing ratio after recovery of costs of 70 per cent of output going to the government and 30 per cent to IPC, rising to an 80-20 ratio with higher levels of production.

North Yemen is already a significant, albeit minor, producer of crude, on a par with the smallest of the Opec producers. Output from the Alif Field is expected to reach 200,000 b/d this year. Recoverable reserves have been estimated at 500m barrels.

In an adjacent area across the border in South Yemen, PMB/Technoexport, a Soviet group, is reported to be producing some 10,000 b/d.

Mr Saleh Abu-Bakr Bin Hussainoun, South Yemen's Deputy Prime Minister with responsibility for Minerals and Energy, said earlier this year that an agreement with the Soviet Union envisaged building a pipeline from the Shabwa area to Balhaf on the Gulf of Aden. The $470m pipeline, due to be completed at the end of next year, could initially carry 50,000-70,000 b/d.

Unification talks between North and South Yemen have been going on spasmodically for some years. Another round has just been completed in Sana'a. These have not so far produced any tangible result, however, as the political differences between the two states were too great.

But the two together could represent a significant volume of oil production within the next five years.

[illegible]vory Coast ready [illegible]r diversification

[illegible]SIDENT Felix Houphouet-B[illegible]ny of the Ivory Coast has co[illegible]ded that in future his country [illegible]ll no longer be able to rely on [illegible]fee and cocoa as its principal [illegible]urces of export revenue, writ[illegible] Nicholas Woodsworth in Abid[illegible].

In [illegible]cussions on Wednesday with [illegible]r Ismail Serageldin, depar[illegible]ental director of the World [illegible]nk for West Africa and Centra[illegible] Africa, President Houphouet-[illegible]igny said the Ivory Coast m[illegible] now prepare itself for agricult[illegible] diversification and agro-indu[illegible]al development.

Since th[illegible]arly 1980s, the country has [illegible]fered diminishing export ear[illegible]gs as world prices for its prod[illegible]s have tumbled.

Mr Serag[illegible]in said the Bank was prepar[illegible] to support Ivory Coast divers[illegible]ation efforts.

WORLD COMMODITIES PRICES

LONDON MARKETS

THE LONDON Metal Exchange zinc market tested fresh peaks yesterday as prices continued to be buoyed by good demand and falling stocks. The cash position's £11 rise to an 18-month high of £615 a tonne extended the latest upward run to five trading days during which a £30 gain has been accumulated. In dollar terms the price was at the highest level since August 1974. Helping to maintain the momentum yesterday was confirmation of another production setback, this time at Outokumpu of Finland. In its bullish mood the market seemed to take little notice of the company's assurance that the problems, which may result in the loss of about 30,000 tonnes of output, would not affect supplies to customers. The aluminium market was also strong, on speculative buying and covering against earlier short sales. The cash position's $140 rise to $2,550 at the close wiped out the modest falls of the preceding two days.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$14.73-4.75t	+0.115
Brent Blend	$16.15-6.20w	+0.05
W.T.I.(1 pm est)	$17.32-7.37t	+0.02
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$183-188	+1
Gas Oil (Soviet)	$142-144	+1.5
Heavy Fuel Oil	$77-78	+2
Naphtha	$156-158	+3
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$445.75	+1.25
Silver (per troy oz)♣	638c	+3
Platinum (per troy oz)	$517.10	+1.60
Palladium (per troy oz)	$121.75	+1.25
Aluminium (free market)	$2510	+120
Copper (US Producer)	102⅝-05¼c	+2.125
Lead (US Producer)	35.5c	
Nickel (free market)	340c	+30
Tin (European free market)	£3665	-10
Tin (Kuala Lumpur market)	17.36r	+0.01
Tin (New York)	324.0c	-0.5
Zinc (Euro. Prod. Price)	$1040	
Zinc (US Prime Western)	54c	
Cattle (live weight)†	112.18p	+1.65*
Sheep (dead weight)†	219.52p	+17.48*
Pigs (live weight)†	73.45p	+2.17*
London daily sugar (raw)	$222.8s	-2.0
London daily sugar (white)	$235.0s	-2.5
Tate and Lyle export price	£225.5	-2.0
Barley (English feed)	£109.0	+0.5
Maize (US No. 3 yellow)	£132.5	
Wheat (US Dark Northern)	£92.25	
Rubber (spot)♥	65.50p	+0.50
Rubber (June) ♥	68.50p	+0.50
Rubber (July) ♥	69.75p	+0.50
Rubber (KL RSS No 1 June)	311m	
Coconut oil (Philippines)§	$530.0s	+7.5
Palm Oil (Malaysian)§	$412.5	+7.5
Copra (Philippines)§	$360	
Soyabeans (US)	£158.5	-0.5
Cotton "A" index	64.15c	-0.05
Woottops (64s Super)	670p	+10

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb r-ringgit/kg u-Apr/May. x-Jun/Jul. y-Apr. t-Jun s-May/Jun †Meat Commission average fatstock prices * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian/Singapore cents/kg.

COCOA £/tonne

	Close	Previous	High/Low	
May	908	916	916	905
Jly	929	937	940	923
Sep	943	952	955	941
Dec	962	971	972	962
Mar	983	994	995	982
May	1002	1012	1013	1001
Jul	1020	1027	1020	1019

Turnover: 4211 (4552) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for May 4 : 1238.00 (1230.47) .10 day average for May 5 : 1220.71 (1218.61)

COFFEE £/tonne

	Close	Previous	High/Low	
May	1047	1028	1048	1026
Jly	1070	1052	1070	1050
Sep	1086	1071	1086	1070
Nov	1106	1095	1104	1091
Jan	1130	1115	1120	1116
Mar	1155	1140	1137	
May	1170	1150		

Turnover: 4631 (2808) lots of 5 tonnes
ICO Indicator prices (US cents per pound) for May 4: Comp. daily 1979 113.92 (114.17); 15 day average 115.84 (115.82).

SUGAR $ per tonne

Raw	Close	Previous	High/Low	
Aug	193.00	190.40	193.40	190.40
Oct	193.00	191.20	193.20	190.60
Dec	193.60	191.00		
Mar	194.60	193.00	194.60	193.00
May	195.80	194.00		
White	**Close**	**Previous**	**High/Low**	
Aug	232.00	230.00	232.50	230.50
Oct	231.00	228.50	230.50	228.00
Dec	231.00	228.50	230.50	
Mar	235.70	235.00	235.50	
Aug	238.00		237.00	

Turnover: Raw 1893 (3872)lots of 50 tonnes; White 1229 (1175).
Paris- White (FFr per tonne): Aug 1330, Oct 1320, Dec 1320, Mar 1355, May 1360, Aug 1365

GAS OIL $/tonne

	Close	Previous	High/Low	
May	143.50	142.00	143.75	140.50
Jun	140.50	138.50	140.50	137.50
Jul	140.25	138.50	140.00	137.75
Aug	141.25	139.50	140.75	139.25
Sep	142.50	141.00	143.00	142.00

Turnover: 4930 (6505) lots of 100 tonnes

GRAINS £/tonne

Wheat	Close	Previous	High/Low	
May	103.95	103.70	103.95	103.55
Jly	106.40	106.30	107.00	106.20
Sep	101.60	101.60	101.60	101.50
Nov	103.50	103.40	103.50	103.40
Jan	106.20	106.10	106.20	
Mar	108.45	108.35	108.45	
May	110.80	110.70	110.80	
Barley	**Close**	**Previous**	**High/Low**	
May	103.65	103.10	103.65	103.25
Sep	98.20	98.40	98.20	
Nov	100.95	100.90	101.00	100.90
Jan	103.10	103.10	103.10	
Mar	104.85	104.85	104.85	
May	107.00	107.00	107.00	

Turnover: Wheat 75 (105) , Barley 24 (54) lots of 100 tonnes.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 100 tonne
Cash	2540-60	2405-15		2500-2		
3 months	2240-55	2200-10	2230	2230-40	2230-50	4,512 lots
Aluminium,99.5% purity (£ per tonne)						Ring turnover 16,825 tonne
Cash	1357-9	1280-4	1358	1336-8		
3 months	1187-8	1167-9	1188/1173	1183-4	1185-6	50,202 lots
Copper, Grade A (£ per tonne)						Ring turnover 26,650 tonne
Cash	1200-2	1188-90	1202	1202-3		
3 months	1136-7	1124-5	1150/1135	1138-9	1138-9	70,507 lots
Copper, Standard (£ per tonne)						Ring turnover 0 tonne
Cash	1150-60	1135-45		1155-65		
3 months	1100-5	1090-100		1100-10		29 lots
Silver (US cents/fine ounce)						Ring turnover 0 ozs
Cash	633-6	630-3		632-3		
3 months	644-7	641-4		642-4	640-5	677 lots
Lead (£ per tonne)						Ring turnover 8,275 tonne
Cash	338-40	341-4	343	343-4		
3 months	327-8	329-30	330/327	330-1	327-8	10,856 lots
Nickel ($ per tonne)						Ring turnover 1,962 tonne
Cash	17400-500	17700-8000	18600/18500	18600-700		
3 months	13800-14000	14100-300	14800/14000	14450-500	13900-14000	6,680 lots
Zinc (£ per tonne)						Ring turnover 12,700 tonne
Cash	614-6	603-5	616	616-7		
3 months	606-7	597-8	610/603	607-8	605-6	16,149 lots

POTATOES £/tonne

	Close	Previous	High/Low	
May	71.0	71.0	71.0	69.5
Nov	85.5	85.5		
Feb	96.8	96.0		
Apr	127.1	126.5	127.5	125.5
May	136.8	136.0	133.0	

Turnover: 124 (177) lots of 100 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low	
Jun	127.50	127.50	127.80	
Aug	128.50	126.50	128.50	
Oct	128.50	128.00	126.50	
Dec	130.50	131.00	131.00	130.50

Turnover: 100 (179) lots of 100 tonnes.

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low	
Jly	1329.5	1257.0	1340.0	1270.0
Oct	1425.0	1355.0	1435.0	1370.0
Jan	1430.0	1355.0	1430.0	1370.0
Apr	1487.5	1375.0	1487.5	
Jly	1287.5	1229.5	1337.5	1287.5
BFI	1344.0	1338.0	1344.0	

Turnover: 1268 (454)

FRUIT AND VEGETABLES
Southern hemisphere apples continue to build in supply as the season progresses, reports FFVIB. Grapefruit are up slightly, with supplies of outspan new season fruits expected soon. Strawberries remain 40-65p a half pound with French and Italian berries now available, and some very large pineapples are now in the shops at £2.00-3.00 (£2.00-2.50). The first English asparagus is in the shops this week at £1.50-2.00 Other new arrivals include new crop carrots from the USA 25-50p, English and Spanis primo cabbage 20-30p and Italian peas 60-70p. Jersey royals are down to 80p-£1.40 (£1.40-2.00) while maincrop potatoes remain plentiful. Tomatoes are down to 75p-£1.00 (80p-£1.10) as supplies build, while cucumbers 25-55p and round lettuce 20-33p are plentiful. The first English bunched radishes are 25-35p.

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	445½-446	238½-239
Opening	445-445½	238½-239
Morning fix	445.35	238.730
Afternoon fix	444.85	238.142
Day's high	445¾-446¼	
Day's low	444½-445	
Coins	**$ price**	**£ equivalent**
US Eagle	459-462	246-249
Mapleleaf	459-462	246-249
Britannia	459-462	246-249
Krugerrand	444-447	238-240
1/2 Krug	231-240	123¾-128½
1/4 Krug	114-122	61-65⅜
Angel	457-462	244¾-247½
1/10 Angel	46-51	24⅝-27⅜
New Sov.	104¾-105¾	56-56¾
Old Sov.	104¾-106¼	56-57
Noble Plat	531-536	284.7-288.5

Silver fix	p/fine oz	US cts equiv
Spot	340.25	635.25
3 months	347.45	646.95
6 months	354.95	658.90
12 months	372.10	686.75

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	July	Sept	July	Sept
2050	282	210	38	154
2200	182	145	86	235
2350	108	98	161	334
Aluminium (99.5%)	**Calls**		**Puts**	
2050	264	168	47	167
2200	169	128	98	253
2350	100	85	179	365
Copper (Grade A)	**Calls**		**Puts**	
2000	195	190	52	114
2100	135	142	90	184
2200	89	104	143	223

US MARKETS

EARLY local buying steadied the precious metals, but the markets came under pressure from trade selling , prompting long-liquidation which, in the case of gold, pushed values lower on the day, reports Drexel Burnham Lambert. Commission house buying was noted in both silver and platinum, although volume was light. Copper came under pressure from mixed long-liquidation following the market s failure to penetrate overhead resistance and sell stops were hit as it declined towards the close. Early light commission house buying firmed the energy complex, but prices fell back with fund and trade selling before local buying at the lows kept values steady. Coffee rallied on continued short-covering although new buying was noted in anticipation of possible quota cuts and reflecting nearby tightness of supply. Cocoa eased with long-liquidation and profittaking following Londons close as the market failed to hold earlier slight gains. Sugar was held to a narrow range with trade selling at the highs and buying at the lows. Cattle futures rallied in response to firmer cash prices, but the advance was held by fears of possible future over-supply.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
May	445.4	444.8	0	0
Jun	447.0	446.6	448.0	445.8
Jul	449.2	448.8	0	0
Aug	451.5	451.0	452.2	450.2
Oct	456.3	455.7	457.2	455.4
Dec	461.3	460.5	462.3	450.0
Feb	466.4	465.5	0	0
Apr	471.5	470.5	0	0
Jun	476.8	475.7	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
May	517.7	517.3	0	0
Jul	521.2	520.8	524.5	520.5
Oct	528.8	526.4	528.5	526.0
Jan	533.1	532.7	536.0	533.5
Apr	539.1	538.7	0	0
Jul	545.9	545.5	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
May	632.7	632.7	637.0	634.0
Jun	636.2	636.2	0	0
Jul	640.5	640.5	646.0	641.5
Sep	648.9	648.9	654.5	651.0
Dec	662.6	662.6	666.0	665.0
Jan	667.0	667.0	0	0
Mar	676.6	676.6	0	0
May	686.1	686.1	690.0	690.0
Jul	696.2	696.2	700.0	700.0
Sep	706.4	706.4	0	0

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	96.60	97.50	98.50	96.60
Jun	93.95	95.35	0	0
Jul	90.70	92.35	92.90	90.50
Sep	87.50	89.10	89.60	87.50
Dec	83.80	185.10	85.50	84.00
Jan	83.10	184.25	0	0
Mar	81.70	182.75	83.50	82.50
May	80.90	782.00	0	0
Jul	80.40	81.50	0	0
Sep	79.90	81.00	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Close	Previous	High/Low	
Jun	17.34	17.20	17.44	17.23
Jul	17.43	17.30	17.51	17.33
Aug	17.45	17.35	17.53	17.38
Oct	17.39	17.34	17.48	17.39
Dec	17.40	17.30	17.42	17.38
Jan	17.35	17.29	17.40	17.40
Feb	17.35	17.28	0	0
Mar	17.35	17.27	17.36	17.30

HEATING OIL 42,000 US galls, cents/US galls

	Close	Previous	High/Low	
Jun	46.55	46.20	46.80	46.30
Jul	46.05	45.65	46.35	45.80
Aug	46.50	46.13	46.75	46.50
Sep	47.25	46.75	47.40	47.25
Oct	47.90	47.37	48.05	47.90
Nov	48.45	47.97	48.55	48.45
Dec	49.10	48.57	49.10	49.10
Jan	49.30	48.82	49.30	49.30
Feb	49.20	48.62	49.20	49.00
Mar	47.75	47.22	47.75	47.75

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
May	1576	1591	1576	1576
Jul	1606	1623	1628	1603
Sep	1624	1640	1643	1620
Dec	1653	1668	1672	1650
Mar	1690	1705	1692	1683
May	1717	1731	0	0
Jul	1743	1758	0	0
Sep	1767	1781	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
May	133.30	132.34	133.79	132.51
Jul	135.53	134.46	135.75	134.80
Sep	136.75	135.67	137.00	13[illegible].10
Dec	138.60	137.55	138.75	137.85
Mar	139.00	138.03	139.00	138.25
May	138.88	138.88	139.00	139.[illegible]
Jul	139.00	139.50	139.50	139.[illegible]
Sep	138.00	140.50	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	8.43	8.29	8.47	8.33
Oct	8.56	8.46	8.60	8.45
Jan	8.20	8.30	0	0
Mar	8.64	8.59	8.69	8.57
May	8.68	8.62	8.75	8.65
Jul	8.76	8.75	0	0
Oct	8.86	8.85	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
May	66.97	68.75	67.00	66.60
Jul	62.17	62.28	62.60	61.85
Oct	58.73	58.17	59.10	58.05
Dec	57.23	56.84	57.25	56.67
Mar	57.83	57.65	57.95	57.40

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	170.90	172.00	172.00	170.50
Jul	166.30	168.35	168.00	166.00
Sep	162.80	164.50	164.20	162.65
Nov	158.35	159.75	159.75	158.00
Jan	153.50	154.90	154.60	153.25
Mar	153.50	154.25	0	0
May	153.50	154.15	0	0
Jul	153.50	154.15	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)			
May 4	May 3	mnth ago	yr ago
1733.4	1722.1	1722.3	1576.3

DOW JONES (Base: December 31 1974 = 100)				
Spot	128.52	128.37	130.95	127.81
Futures	132.44	132.16	134.54	126.33

Chicago

SOYABEANS 5,000 bu min; [illegible]/60lb bushel

	Close	Previous	High/Low	
May	689/4	684/2	[illegible]	683/4
Jul	698/4	694/2	[illegible]	692/4
Aug	703/4	698/4	[illegible]	696/4
Sep	708/0	699/6	[illegible]	699/4
Nov	714/2	708/6	[illegible]	706/6
Jan	722/2	718/4	[illegible]	714/0
Mar	730/0	724/0	[illegible]	728/0
May	734/4	729/0	[illegible]	733/0
Jul	736/0	730/0	[illegible]	733/0

SOYABEAN OIL 60,000 lbs; cents/[illegible]

	Close	Previous	High/Low	
May	23.01	22.62	[illegible]	22.60
Jul	23.37	23.03	[illegible]	22.96
Aug	23.57	23.22	23.7[illegible]	23.16
Sep	23.72	23.49	23.8[illegible]	23.37
Oct	23.87	23.52	24.00	23.45
Dec	24.16	23.81	24.3[illegible]	23.72
Jan	24.22	23.83	24.30	24.05
Mar	24.30	23.9[illegible]	24.50	24.15
May	24.50	24.2[illegible]	24.60	24.40
Jul	24.60	24.2[illegible]	24.45	24.56

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
May	204.2	203.6	205.3	202.7
Jul	203.2	202.3	204.4	201.6
Aug	203.2	202.6	204.2	202.0
Sep	203.9	203.7	205.0	202.5
Oct	204.0	204.0	205.5	204.0
Dec	206.3	206.5	208.0	205.8
Jan	206.8	207.0	208.0	206.0
Mar	209.1	209.0	210.0	208.8
May	210.2	211.0	212.0	210.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
May	203/0	205/0	205/0	202/6
Jul	211/2	213/2	212/6	211/0
Sep	217/6	219/6	219/6	217/6
Dec	226/4	227/6	228/0	226/2
Mar	235/0	236/0	236/0	234/4
May	240/2	241/0	[illegible]40/6	239/4
Jul	242/4	243/2	[illegible]43/4	242/4

WHEAT 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
May	296/6	301/4	[illegible]	296/4
Jul	308/2	310/6	[illegible]	306/0
Sep	314/6	318/2	[illegible]	314/4
Dec	324/4	328/6	[illegible]	324/4
Mar	332/0	335/4	[illegible]	332/0
May	338/0	334/4	[illegible]	330/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jun	72.15	71.60	72.25	[illegible].85
Aug	68.57	68.25	68.62	[illegible].10
Oct	68.10	67.80	68.35	[illegible]
Dec	69.00	68.77	69.22	[illegible]
Feb	68.62	68.42	69.00	[illegible]
Apr	69.80	69.75	70.00	[illegible]
Jun	69.65	69.50	69.75	[illegible]

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Jun	51.68	50.45	51.70	50.55
Jul	51.40	50.42	51.45	50.80
Aug	49.12	48.50	49.20	48.60
Oct	[illegible]4.32	43.82	44.42	43.90
Dec	[illegible]5.17	44.90	45.20	44.90
Feb	[illegible]5.15	45.00	45.15	44.90

PORK BELLIES 38,000 lbs; cents/lb

	Close	Previous	High/Low	
May	[illegible]	51.17	52.45	51.65
Jul	[illegible]	51.56	52.77	51.90
Aug	[illegible]	50.52	51.75	50.90
Feb	[illegible]	60.37	60.95	60.60
Mar	[illegible]	60.20	60.85	60.45
May	60.75	61.50	0	60.75

إهداء من الأهل

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar and pound nervous

TRADING ON the foreign exchange market remained uneventful yesterday. The dollar and sterling had an underlyingly nervous tone, but dealers were not prepared to put too much pressure on either currency.

The dollar and pound appear confined to a fairly narrow range at present, after both have failed to achieve the peaks predicted in the market.

Dealers looked for an attack on DM1.6830 by the dollar on Wednesday, and also suspected sterling might consolidate above DM3.15, after last week's better than expected UK trade figures for March.

The dollar fell below DM1.68 yesterday, and at no time threatened to move much above that level, while the pound moved towards the downward support level of DM3.1250, but finished a little firmer on the day at DM3.1350, compared with DM3.1325.

Dealers see technical support for sterling at DM3.1250, and also believe the Bank of England will be encouraged to increase UK interest rates if the pound's slide continues towards the DM3.10 level.

There were no fresh factors in the market yesterday, as dealers waited for today's publication of US employment data for April.

According to a survey by Money Market Services non-farm payrolls are expected to rise 255,000, indicating that the US economy remains buoyant.

Other figures released this week were well above the general level of forecasts, suggesting sustained economic growth.

If the employment news is also strong, fears will increase that the US is continuing to suck in imports. This in turn will lead to nervousness about the level of the March US trade deficit, to be published on May 17.

The dollar eased to DM1.6790 from DM1.68; to Y124.60 from Y125.00; and to SFr1.3990 from SFr1.3995, but rose to FFr5.7150 from FFr5.7050.

According to the Bank of England the dollar's exchange rate index fell to 92.7 from 92.8.

Sterling rose ¼ cent to $1.8670, and improved to SFr2.6125 from SFr2.61 and to FFr10.67 from FFr10.6375, but fell to Y232.50 from Y233.00.

On Bank of England figures, sterling's index was unchanged at 77.9.

D-MARK - Trading range against the dollar in 1988 is 1.7120 to 1.5850. April average 1.6720. Exchange rate index 148.8 against 150.8 six months ago.

The D-Mark was little changed in Frankfurt. The dollar closed at DM1.6775, compared with DM1.6805 on Wednesday. Earlier in the day the Bundesbank did not intervene, when the dollar was fixed at DM1.6772, against DM1.6809 previously.

In Paris the D-Mark was firm, breaching resistance against the French franc at FFr3.40, without any sign of intervention by the Bank of France.

There was growing nervousness about the result of the French presidential election at the weekend. In general traders expect President Francois Mitterrand to be returned to office, in spite of the success of his opponent Mr Jacques Chirac, the Prime Minister, in freeing French hostages from Lebanon and New Caledonia.

The D-Mark closed at FFr3.4045 in Paris, compared with DM3.3985 on Wednesday, the highest level for the German currency since March.

News that the French trade surplus in March was FFr1.8bn, compared with FFr5.2bn in February, came too late to affect the market.

In Milan the Bank of Italy sold an estimated DM70m and about FFr150m as the D-Mark and French franc were fixed higher against the lira. The D-Mark rose to a record L746.10 at the fixing, from L744.10 on Wednesday.

£ IN NEW YORK

May 5	Latest	Previous Close
£ Spot	1.8645-1.8655	1.8640-1.8650
1 month	0.15-0.13pm	0.14-0.13pm
3 months	0.53-0.49pm	0.52-0.49pm
12 months	2.20-2.10pm	2.23-2.15pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

		May 5	Previous
8.30	am	77.9	78.0
9.00	am	77.9	78.0
10.00	am	77.8	78.0
11.00	am	77.8	77.9
Noon		77.8	77.9
1.00	pm	77.9	77.9
2.00	pm	77.9	77.9
3.00	pm	77.9	77.9
4.00	pm	77.9	77.9

CURRENCY RATES

May 5	Bank rate %	Special* Drawing Rights	European Currency Unit
Sterling	-	0.739061	0.662525
U.S. Dollar	6	1.37761	1.23693
Canadian $	8.75	1.70190	1.52675
Austrian Sch.	3	16.2806	14.5798
Belgian Franc	6½	48.4437	43.3546
Danish Krone	7½	8.91520	7.98565
Deutsche Mark	2½	2.31562	2.07248
Neth. Guilder	3¼	2.59748	2.32494
French Franc	9½	7.87304	7.05671
Italian Lira	12½	1723.00	1547.53
Japanese Yen	2½	N/A	153.899
Norway Krone	8	8.50812	7.61649
Spanish Peseta	-	153.230	137.127
Swedish Krona	8½	8.10762	7.26699
Swiss Franc	2½	1.93141	1.72552
Greek Drach.	20½	185.867	166.615
Irish Punt	-	0.867949	0.777311

*All SDR rates for May 4

CURRENCY MOVEMENTS

May 5	Bank of England Index	Morgan Guaranty Changes %
Sterling	77.9	N/A
U.S. Dollar	92.7	N/A
Canadian Dollar	81.2	N/A
Austrian Schilling	138.6	N/A
Belgian Franc	100.4	N/A
Danish Krone	92.2	N/A
Deutsche Mark	148.8	N/A
Swiss Franc	174.7	N/A
Guilder	137.7	N/A
French Franc	71.2	N/A
Lira	46.1	N/A
Yen	246.1	N/A

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1975=100).

OTHER CURRENCIES

May 5	£	$
Argentina	11.6780-11.7980	6.2600-6.3000
Australia	2.4340-2.4370	1.3040-1.3050
Brazil	264.00-265.50	141.50-142.25
Finland	7.4680-7.4815	4.0050-4.0050
Greece	249.20-253.30	133.25-135.70
Hong Kong	14.5765-14.5940	7.8080-7.8110
Iran	124.65*	66.18*
Korea(Sth)	1377.20-1389.65	737.20-743.20
Kuwait	0.51130-0.51180	0.27390-0.27400
Luxembourg	65.40-65.50	35.00-35.10
Malaysia	4.8155-4.8275	2.5815-2.5845
Mexico	4260.80-4281.75	2284.00-2294.00
N. Zealand	2.7265-2.7315	1.4610-1.4635
Saudi Ar.	7.0010-7.0070	3.7500-3.7510
Singapore	3.7360-3.7440	2.0020-2.0040
S. Af (Cm)	4.1385-4.1540	2.2190-2.2210
S. Af (Fn)	5.3655-5.4915	2.8735-2.9410
Taiwan	53.20-53.50	28.55-28.65
U.A.E.	6.8565-6.8620	3.6725-3.6735

*Selling rate

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu May 5	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.3546	+2.11	+0.86	±1.5344
Danish Krone	7.85212	7.98565	+1.70	+0.45	±1.5404
German D-Mark	2.05853	2.07248	+0.68	-0.57	±1.0981
French Franc	6.90403	7.05671	+2.21	+0.96	±1.3674
Dutch Guilder	2.31943	2.32494	+0.24	-1.01	±1.5012
Irish Punt	0.768411	0.777311	+1.16	-0.09	±1.6684
Italian Lira	1483.58	1547.53	+4.31	+3.54	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT- FORWARD AGAINST THE POUND

May 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.8650-1.8685	1.8665-1.8675	0.14-0.11cpm	0.80	0.51-0.46pm	1.04
Canada	2.3005-2.3055	2.3035-2.3045	0.14-0.24cdis	-0.99	0.33-0.46dis	-0.69
Netherlands	3.50½-3.52	3.51-3.52	1¼-1⅛cpm	4.05	3¾-3½pm	4.28
Belgium	65.30-65.60	65.40-65.50	16-6cpm	2.02	46-32pm	2.38
Denmark	12.04¼-12.08	12.07-12.08	⅛-2⅛oredis	-1.49	3-4½dis	-1.28
Ireland	1.1715-1.1760	1.1745-1.1755	0.06-0.12pdis	-0.92	0.21-0.36dis	-0.97
W. Germany	3.12½-3.13¾	3.13¼-3.13¾	1⅛-1⅛pfpm	2.87	4-3⅝pm	4.86
Portugal	256.50-256.80	256.50-256.50	50-100cdis	-3.52	175-285dis	-2.81
Spain	206.65-207.40	206.90-207.20	26-36cdis	-1.80	83-96dis	-1.73
Italy	2328¾-2342½	2341¼-2342½	1⅞-4½liredis	-1.60	9¼-14dis	-1.99
Norway	11.48-11.52	11.49½-11.50½	5⅜-6½oredis	-6.20	15½-16⅞dis	-5.63
France	10.63¾-10.67½	10.66½-10.67½	par-⅛cdis	-0.35	par-1⅝dis	-0.19
Sweden	10.95½-10.98	10.96½-10.97½	2-2⅞oredis	-2.67	5⅜-6½dis	-2.16
Japan	232-233	232-233	1-⅝ypm	4.19	2¾-2½pm	4.41
Austria	21.97-22.02	21.98-22.01	8⅛-7½gropm	4.33	26¼-24pm	4.61
Switzerland	2.60¾-2.61¾	2.60¼-2.61¼	1½-1¼cpm	6.03	4-3¾pm	5.84

Belgian rate is convertible francs. Financial franc 65.95-66.05. Six-month forward dollar 1.11-1.06cpm 12 month 2.20-2.10pm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

May 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8650-1.8685	1.8665-1.8675	0.14-0.11cpm	0.80	0.51-0.46pm	1.04
Ireland†	1.5880-1.5920	1.5885-1.5895	par-0.05cdis	-0.19	par-0.15dis	-0.19
Canada	1.2320-1.2345	1.2330-1.2340	0.17-0.20cdis	-1.80	0.52-0.55dis	-1.73
Netherlands	1.8780-1.8835	1.8825-1.8835	0.50-0.48cpm	3.13	1.52-1.46pm	3.17
Belgium	35.00-35.15	35.00-35.10	4.50-2.50cpm	1.20	14.00-10.00pm	1.37
Denmark	6.45-6.47	6.46½-6.47	1.25-1.85oredis	-2.88	3.45-4.05dis	-2.32
W. Germany	1.6750-1.6795	1.6785-1.6795	0.55-0.50pfpm	3.76	1.62-1.57pm	3.80
Portugal	137¼-137¾	137½-137¾	45-60cdis	-4.59	140-190dis	-4.80
Spain	110.70-111.15	111.05-111.15	15-25cdis	-2.17	70-80dis	-2.71
Italy	1250½-1254¼	1254¼-1254¾	2.00-3.00liredis	-2.40	8.50-10.50dis	-3.04
Norway	6.14¾-6.17	6.15¾-6.16¾	3.40-3.75oredis	-6.96	10.10-10.50dis	-6.68
France	5.70-5.72	5.71¼-5.71¾	0.40-0.60cdis	-1.05	1.45-1.75dis	-1.11
Sweden	5.86¼-5.88	5.87½-5.88	1.60-1.80oredis	-3.47	4.55-4.85dis	-3.20
Japan	124.20-124.65	124.55-124.65	0.38-0.33ypm	3.42	1.08-1.03pm	3.39
Austria	11.77½-11.80½	11.80-11.80½	3.35-3.05gropm	3.26	10.00-9.00pm	3.22
Switzerland	1.3940-1.4000	1.3985-1.3995	0.61-0.56cpm	5.03	1.77-1.72pm	5.00

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 35.30-35.40.

EURO-CURRENCY INTEREST RATES

May 5	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	6¼-6⅛	6⅞-6¾	7⅞-7¾	8⅛-8⅞	8⅞-8¼	9⅛-9⅛
US Dollar	6⅞-6⅞	6⅞-6¾	7⅛-6⅞	7⅛-7⅛	7⅝-7½	8⅛-7⅞
Can. Dollar	8⅝-8½	8¾-8½	8⅝-8½	9⅛-8⅞	9¼-9	9⅞-9⅞
D. Guilder	4-3¾	4-3¾	4-3¾	4⅛-3⅞	4⅛-4⅛	4⅞-4⅞
Sw. Franc	2-1⅞	2-1⅞	2⅛-2⅛	2⅞-2⅛	2⅞-2⅞	2⅞-2⅞
Deutschmark	3⅛-3⅛	3⅞-3⅞	3⅛-3⅛	3⅞-3⅞	3⅞-3⅞	3⅞-3⅞
Fr. Franc	7⅝-7⅛	7⅝-7½	8⅛-7⅞	8⅞-8⅛	8⅞-8⅞	8⅞-8⅞
Italian Lire	10-8	9⅛-8⅛	10-9½	10⅞-10⅛	10⅞-10⅛	11⅛-10⅞
B. Fr. (Fin)	6-5⅞	6⅛-5⅞	6⅛-6	6⅛-6⅛	6⅛-6⅛	6⅛-6⅛
B. Fr. (Con.)	6⅛-5⅞	6⅛-5⅞	6⅛-5⅞	6⅛-5⅞	6⅛-6⅛	6⅞-6⅞
Yen	3⅞-3⅛	3⅞-3⅛	3⅞-3⅞	4-3⅞	4⅛-4⅛	4⅛-4⅛
D. Krone	9⅞-9	9⅞-9	9⅞-9⅞	10-9⅞	10-9⅞	10-9⅞
Asian $Sing	6⅞-6⅞	7-6⅞	7⅛-7	7⅞-7⅞	7⅛-7⅛	7⅞-7⅞

Long term Eurodollars: two years 8⅞-8⅞ per cent; three years 9-8⅞ per cent; four years 9⅛-9 per cent; five years 9½-9⅛ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

May 5	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.867	3.135	232.5	10.67	2.613	3.515	2342	2.304	65.45
$	0.536	1	1.679	124.5	5.715	1.400	1.883	1254	1.234	35.06
DM	0.319	0.596	1	74.16	3.404	0.833	1.121	747.0	0.735	20.88
YEN	4.301	8.030	13.48	1000.	45.89	11.24	15.12	10073		281.5
F Fr.	0.937	1.750	2.938	217.9	10.	2.449	3.294	2195	2.159	61.34
S Fr.	0.383	0.715	1.200	88.98	4.083	1	1.345	896.3	0.882	25.05
H Fl.	0.284	0.531	0.892	66.15	3.036	0.743	1	666.3	0.655	18.62
Lira	0.427	0.797	1.339	99.27	4.556	1.116	1.501	1000.	0.984	27.95
C $	0.434	0.810	1.361	100.9	4.631	1.134	1.526	1016	1	28.41
B Fr.	1.528	2.853	4.790	355.2	16.30	3.992	5.371	3578	3.520	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES

No reason to move prices

FUTURES TRADING was very subdued in London yesterday. Volume in long gilts was only around 12,400 on Liffe, compared with over 20,000 on Wednesday, as dealers failed to find any reason to move prices. It was much the same story in three-month sterling deposit futures,

June three-month sterling closed at 91.19, only slightly below the days's high of 91.20, and unchanged from the previous settlement. The contract opened at 91.14, and touched a low of 91.10.

June long gilt futures finished at the day's peak of 120-03, and little changed from Wednesday's close of 120-02.

The contract opened weak at 119-29 and fell to a low of 119-25, as sterling declined below DM3.13 on the foreign exchanges. The pound's recovery in the afternoon pushed sterling denominated contracts higher

Dollar interest rate contracts provided no more activity on Liffe, but Treasury bond prices in Chicago tended to edge higher after an unexpected addition of liquidity to the New York banking system by the Federal Reserve. This suggested to the market that the Fed is not prepared to tighten monetary policy at present.

Dealers wait further direction from today's announcement of US employment statistics for April.

Employment levels in the non-farm sector are expected to remain strong, which may put upward pressure on interest rates, on fears about inflation and the US trade deficit.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
114	606	—	0	—
116	408	—	2	—
118	216	—	10	—
120	50	—	44	—
122	11	—	205	—
124	2	—	360	—
126	0	—	558	—

Estimated volume total, Calls 1881 Puts 3006
Previous day's open int. Calls 50673 Puts 35637

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
80	752	720	0	32
82	553	546	1	58
84	358	414	6	126
86	208	261	20	209
88	53	163	101	311
90	16	114	228	426
92	5	45	417	557

Estimated volume total, Calls 0 Puts 20
Previous day's open int. Calls 3977 Puts 1321

LIFFE FT-SE INDEX FUTURES OPTIONS

Strike Price	Calls-settlements MAY	Calls-settlements Jun	Puts-settlements MAY	Puts-settlements Jun
16500	1325	1422	15	112
17000	874	1034	64	224
17500	501	711	191	401
18000	248	460	430	650
18500	94	279	784	969
19000	30	158	1220	1348
19500	8	84	1698	1774

Estimated volume total, Calls 15 Puts 0
Previous day's open int. Calls 60 Puts 98

LIFFE £/$ OPTIONS

[illegible]

LIFFE EURODOLLAR OPTIONS

[illegible]

LIFFE SHORT STERLING

[illegible]

PHILADELPHIA SE £/$ OPTIONS

[illegible]

LONDON SE £/$ OPTIONS

[illegible]

LONDON (LIFFE)

[illegible]

CHICAGO

[illegible]

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.8670	1.8658	1.8622	1.8562	1.8455

IMM-STERLING $s per £

	Latest	High	Low	Prev.
Jun	1.8650	1.8670	1.8635	1.8640
Sep	1.8590	1.8606	1.8580	1.8584
Dec	1.8528	1.8542	1.8520	1.8524

MONEY MARKETS

Keen sellers of bills

INTEREST RATES held steady on the London money market yesterday, but underlying sentiment pointed towards higher bank base rates, with dealers suggesting a slide in the value of sterling may soon enable the authorities to endorse a rise.

Three-month interbank eased slightly to 8⅝-8½ p.c. from 8⅞-8⅝ p.c., but the general trend in other major financial centres suggests world interest rates could be moving higher, and this may soon be used as a reason to lift UK rates.

On the other hand it was noted that the US Federal Reserve surprised dealers in New York by adding temporary reserves to the banking system, through four day system repurchase agreements. The Fed was not expected to add liquidity yesterday, and may be indicating it is not yet ready to tighten its monetary stance.

UK clearing bank base lending rate 8 per cent from April 11

Discount houses in London were obviously nervous of a rise in interest rates, and were keen sellers of long dated bills. This resulted in some band 4 bills being sold to the authorities at a slightly higher rate than usual.

The Bank of England initially forecast a money market shortage of £400m, but revised this to £700m at noon. Help of £710m was provided.

Before lunch the authorities bought £710m bills outright, by way of £229m bank bills in band 3 at 7¼ p.c.; £1m local authority bills in band 4 at 7¼ p.c.; and £480m bank bills in band 4 at 7⅞-7⅞ p.c.

There was no further intervention by the Bank of England in the afternoon.

Bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills drained £288m, with Exchequer transactions absorbing £30m; a rise in the note circulation £25m; and bank balances below target £40m.

In Frankfurt call money eased to 3.25 p.c. from 3.30 p.c., in comfortable credit conditions.

At yesterday's meeting of the Bundesbank council, credit policies were left unchanged, with the discount rate at 2.5 p.c., and the Lombard rate at 4.5 p.c.

Money was in good supply in Frankfurt yesterday. Banks have built up their reserve holdings at the Bundesbank and did not need to bid aggressively for funds yesterday. On Tuesday reserve holdings stood at DM58.2bn, against DM56bn on Monday.

FT LONDON INTERBANK FIXING

(11.00 a.m. May 5) 3 months US dollars		6 months US Dollars	
bid 7⅛	offer 7⅜	bid 7½	offer 7⅝

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	8½
Broker loan rate	7¾-8
Fed funds	6⅞
Fed. funds at intervention	6⅞

Treasury Bills and Bonds

One month	5.55	Three year	8.01
Two month	5.97	Four year	8.23
Three month	6.35	Five year	8.37
Six month	6.70	Seven year	8.70
One year	7.17	10-year	8.91
Two year	7.78	30-year	9.12

May 5	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.20-3.30	3.30-3.45	3.35-3.50	3.35-3.50	3.45-3.60	4.50
Paris	7⅛-7⅜	7⅜-7⅝	7⅞-8	8-8⅛	8⅛-8⅛	7.25
Zurich	1⅝-1⅞	1⅞-2⅛	-	2-2⅞	-	-
Amsterdam	3⅞-4⅛	4-4⅛	-	4-4⅛	-	-
Tokyo	3.34375	3.84375	-	3.90625	-	-
Milan	9⅝-10⅛	9⅞-10⅛	-	10⅛-10⅛	-	-
Brussels	6.40	6-6⅛	-	6-6⅛	-	-
Dublin	7⅛-7⅜	7⅜-7⅝	7⅞-8	7⅞-8⅛	8-8⅛	-

LONDON MONEY RATES

May 5	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	6⅞	7⅛	7⅞	8⅞	8⅞	9⅛
Interbank Bid	3	6⅞	7⅞	8⅛	8⅛	9⅛
Sterling CDs	-	-	7⅞	8⅛	8⅛	9⅛
Local Authority Deps.	6½	7	7⅞	8⅛	8⅛	9⅛
Local Authority Bonds	-	-	8⅛	8⅞	8⅞	9⅛
Discount Mkt. Deps.	6½	6⅞	7⅞	7⅞	-	-
Company Deposits	-	6⅞	7⅞	8⅛	8⅞	9⅛
Finance House Deposits	-	-	7⅞	8⅛	8⅞	9⅛
Treasury Bills (Buy)	-	-	7⅞	7⅞	-	-
Bank Bills (Buy)	-	-	7⅞	8⅛	8½	-
Fine Trade Bills (Buy)	-	-	8⅛	8⅛	9⅛	-
Dollar CDs	-	-	7.05-7.00	7.25-7.20	7.50-7.45	-
SDR Linked Dep Offer	-	-	5⅞	6⅛	6⅛	6⅛
SDR Linked Dep Bid	-	-	5⅛	5⅞	6	6⅛
ECU Linked Dep Offer	-	-	6⅛	6½	6⅞	6⅞
ECU Linked Dep Bid	-	-	6⅛	6⅛	6½	6⅛

Treasury Bills (sell); one-month 7⅞ per cent; three months 7⅞ per cent; Bank Bills (sell): one-month 7⅞ per cent; three months 8 per cent; Treasury Bills; Average tender rate of discount 7.8262 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day April 29, 1988. Agreed rates for period May 25, 1988 to June 25, 1988. Scheme I: 9.72 p.c., Schemes II & III: 9.58 p.c. Reference rate for period April 1, 1988 to April 29, 1988, Scheme IV & V: 8.402 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 9% from May 1, 1988: Bank Deposit Rates for sums at seven days notice 3-3½ per cent. Certificates of Tax Deposit (Series 6), Deposit £100,000 and over held under one month 7½ per cent; one-three months 8¼ per cent; three-six months 8¼ per cent; six-nine months 8½ per cent; nine-twelve months 8½ per cent. Under £100,000 7½ per cent from Mar 14, 1988. Deposits withdrawn for cash 5.00 per cent.

Company Notices

EUROPEAN OPTIONS EXCHANGE

Series		May 88 Vol	May 88 Last	Aug. 88 Vol	Aug. 88 Last	Nov. 88 Vol	Nov. 88 Last	Stock
GOLD C	$440	16	9.50	–	–	5	32.50	$445.30
GOLD C	$480	10	0.10	25	6	1	13.50	$445.30
GOLD C	$500	–	–	–	–	10	8.50	$445.30
GOLD P	$400	–	–	–	–	135	3.80	$445.30
GOLD P	$420	–	–	–	–	36	6.50	$445.30
GOLD P	$440	42	2.50	10	9.50	1	12.50	$445.30
GOLD P	$460	23	16	–	–	3	22	$445.30

Series		May 88 Vol	May 88 Last	Jun. 88 Vol	Jun. 88 Last	Jul. 88 Vol	Jul. 88 Last	Stock
EOE Index C	Fl. 195	20	12	2	13.50	–	–	Fl. 206.76
EOE Index C	Fl. 200	171	7.30	–	–	–	–	Fl. 206.76
EOE Index C	Fl. 205	27	4.70	50	8	7	11	Fl. 206.76
EOE Index C	Fl. 210	193	2.40	7	5.20	11	7.50	Fl. 206.76
EOE Index C	Fl. 215	45	1.10	15	3.70	3	6	Fl. 206.76
EOE Index C	Fl. 220	1	0.80	100	2.60	10	4	Fl. 206.76
EOE Index C	Fl. 225	–	–	15	1.40	34	3	Fl. 206.76
EOE Index P	Fl. 185	100	0.80	–	–	–	–	Fl. 206.76
EOE Index P	Fl. 190	104	1.10	103	2.50	–	–	Fl. 206.76
EOE Index P	Fl. 195	17	1.60	8	4	22	5.90	Fl. 206.76
EOE Index P	Fl. 200	32	2.60	25	6	8	8	Fl. 206.76
EOE Index P	Fl. 205	21	4.50 B	73	8	21	10.30	Fl. 206.76
EOE Index P	Fl. 210	5	7.10	23	10.80	1	13	Fl. 206.76
S/Fl C	Fl. 190	–	–	–	–	35	1.50	Fl. 188.18
S/Fl P	Fl. 190	–	–	19	3.60	–	–	Fl. 188.18

Series		Jul. 88 Vol	Jul. 88 Last	Oct. 88 Vol	Oct. 88 Last	Jan. 89 Vol	Jan. 89 Last	Stock
ABN C	Fl. 40	187	0.80	87	1.60	115	2.10	Fl. 37.40
ABN P	Fl. 40	24	3.20	249	4.60	20	5	Fl. 37.40
AEGON C	Fl. 70	12	6.50	60	7.30	–	–	Fl. 76.10
AEGON P	Fl. 75	3	3.50	16	5	–	–	Fl. 76.10
AHOLD C	Fl. 70	104	3.70	–	–	–	–	Fl. 70.40
AHOLD P	Fl. 65	–	–	10	1.70	–	–	Fl. 70.40
AKZO C	Fl. 110	150	4.50	21	8.40	4	10.20	Fl. 108.80
AKZO P	Fl. 110	70	5.20 B	204	8	14	10	Fl. 108.80
AMEV C	Fl. 50	123	2.60	3	3.70	–	–	Fl. 50.50
AMEV P	Fl. 45	10	1.20	8	2.10	–	–	Fl. 50.50
AMRO C	Fl. 70	135	0.90	–	–	–	–	Fl. 64.20
BUHRMANN-T C	Fl. 45	17	1.50	9	3.20	–	–	Fl. 44.60
ELSEVIER C	Fl. 55	106	1	36	2.10	4	3.30	Fl. 50.60
ELSEVIER P	Fl. 55	–	–	–	–	40	7.20	Fl. 50.60
GIST-BROC. C	Fl. 35	59	1.20	60	2.40	12	3.20	Fl. 32.90
GIST-BROC. P	Fl. 35	23	4.20	140	5.40	48	5.60	Fl. 32.90
HEINEKEN C	Fl. 140	15	1.40	7	3	–	–	Fl. 126.60
HEINEKEN P	Fl. 120	188	2.50	6	4.70 B	–	–	Fl. 126.60
HOOGOVENS C	Fl. 45	20	0.70	25	1.80	–	–	Fl. 39.20
HOOGOVENS P	Fl. 40	5	3.30	52	4	3	4.50	Fl. 39.20
KLM C	Fl. 35	236	2.20	2	2.70	–	–	Fl. 35.50
KLM P	Fl. 35	167	1.60	72	3.40	2	4	Fl. 35.50
KNP C	Fl. 136.40	2	3	12	5.70	–	–	Fl. 129
KNP C	Fl. 130	80	5.50	–	–	5	12	Fl. 129
KNP P	Fl. 130	75	5.50	2	7.80	–	–	Fl. 129
NEDLLOYD C	Fl. 230	37	21.20	–	–	–	–	Fl. 244.60
NEDLLOYD P	Fl. 210	21	4.20	1	9.80 A	–	–	Fl. 244.60
NAT.NED. C	Fl. 50	311	7.20	–	–	–	–	Fl. 57
NAT.NED. P	Fl. 70	140	15	–	–	–	–	Fl. 57
PHILIPS C	Fl. 30	80	0.80	34	1.60	26	2.10	Fl. 27.70
PHILIPS P	Fl. 27.50	53	1.10	21	1.70	10	2.60	Fl. 27.70
ROYAL DUTCH C	Fl. 230	290	4.50	21	6.50 B	23	10	Fl. 229.60
ROYAL DUTCH P	Fl. 240	–	–	276	23.50	1	25	Fl. 229.60
ROBECO C	Fl. 90	8	1.70	20	3.60	5	5.50	Fl. 89.20
UNILEVER C	Fl. 110	138	3.80	30	6.50 A	5	8	Fl. 106.50
UNILEVER P	Fl. 110	447	6.30	18	8	4	10	Fl. 106.50

TOTAL VOLUME IN CONTRACTS : 16,800

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

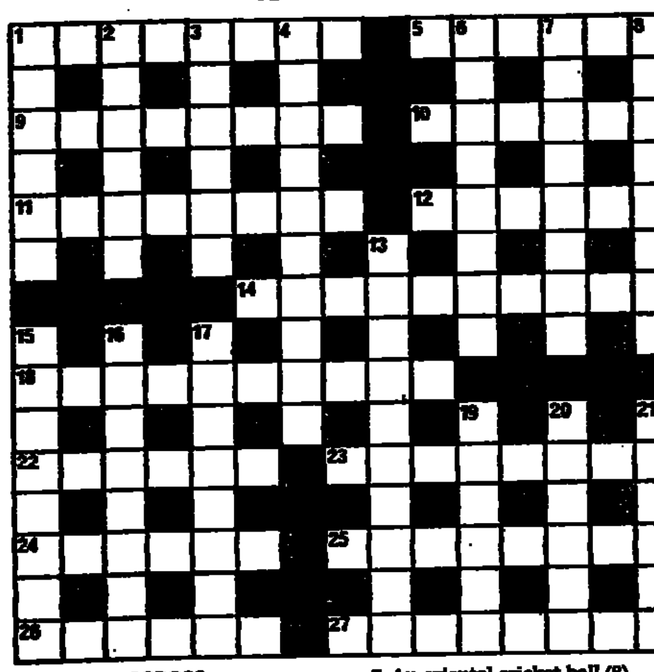
	%
ABN Bank	8
Adam & Company	8
AAB - Allied Arab Bk	8
Allied Irish Bank	8
Henry Ansbacher	8
ANZ Banking Group	8
Associates Cap Corp	10
Authority Bank	8
B & C Merchant Bank	8
Banco de Bilbao	8
Bank Hapoalim	8
Bank Leumi (UK)	8
Bank Credit & Comm	8
Bank of Cyprus	8
Bank of Ireland	8
Bank of India	8
Bank of Scotland	8
Banque Belge Ltd	8
Barclays Bank	8
Benchmark Bank PLC	8
Berliner Bank AG	8
Brit Bk of Mid East	8
● Brown Shipley	8
Business Mtge Tst	8½
CL Bank Nederland	8
Central Capital	8
● Charterhouse Bank	8
Citibank NA	8
City Merchants Bank	8
Clydesdale Bank	8
Comm. Bk. N. East	8
Co-operative Bank	*8
Cyprus Popular Bk	8
Dunbar Bank PLC	8
Duncan Lawrie	8
Equatorial Bank plc	8½
Exeter Trust Ltd	8½
Financial & Gen. Sec.	8
First National Bank Plc	9
● Robert Fleming & Co.	8
Robert Fraser & Ptnrs.	9
Girobank	8
Grindlays Bank	8
● Guinness Mahon	8
HFC Bank PLC	8
● Hambros Bank	8
Heritable & Gen Inv Bk	8
● Hill Samuel	§8
C. Hoare & Co.	8
Hongkong & Shangh	8
Lloyds Bank	8
Meghraj Bank Ltd	8
Midland Bank	8
Mount Banig Corp.	8
Nat Bk. of Kuwait	8
NatWestminster	8
Northern Bank Ltd	8
Norwich Gen. Trust	8
PK Finans. Intl(UK)	9
Provincial Bank PLC	9
R. Raphael & Sons	8
Roxburghe G'rantee	9½
Royal Bk of Scotland	8
Royal Trust Bank	8
Smith & Williamson Secs.	8
Standard Chartered	8
TSB	8
UDT Mortgage Exp	‡9.4
United Bk of Kuwait	8
United Mizrahi Bank	8
Unity Trust Bank Plc	8
Western Trust	8
Westpac Bank Corp.	8
Whiteaway Laidlaw	8½
Yorkshire Bank	8

● Members of British Merchant Banking & Securities Houses Association. * 7 day deposits 3.50% Savewise 6.16%. Top Tier-£2,500+ at 3 months' notice 7.5%. At call when £10,000+ remains deposited. ‡ Mortgage base rate. § Demand deposit 3.00%. Mortgage 9.125% - 9.5%

JOTTER PAD

FT CROSSWORD No.6,623

SET BY VIXEN



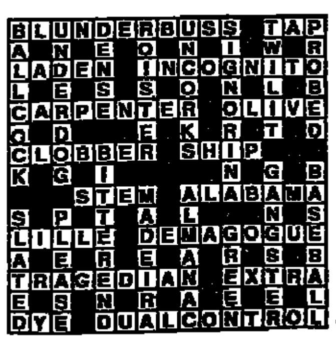
ACROSS

1 Fault-finding officer with financial liabilities (8)
5 Tap – note cute construction (6)
9 Orders to go without counsel, though they will be paid (8)
10 A way to split labour (6)
11 Passion for images adroitly fashioned (8)
12 A record bill – a superb coat (6)
14 No coarse crockery will do for the Cockney's mate! (5,5)
18 The polar explorer lacks the cunning to get one (10)
22 Allow a couple of hundred – or five hundred (6)
23 Dejected, having moulted (4,4)
24 Liveliness as a result of drink? (6)
25 Fliers' accommodation with bars (4-4)
26 The minority given direction on time (6)
27 Profits when concern is shown (8)

DOWN

1 A cordial accountant's half-sister (8)
2 Spin or possibly stir (6)
3 One about to take a step up needed a very cool head (6)
4 Sleep on it! (5-5)
6 The beast causing a social worker to run away (8)
7 An oriental cricket ball (8)
8 Generate rebellion in the adolescent (8)
13 Bar acclaim for a change (10)
15 Taking simpletons in is criminal! (8)
16 The agreement contains new material (8)
17 Women's wear for getting around (8)
19 For example, stops returning unappetising food (6)
20 Delayed accepting top man's seat (6)
21 Making some complaint, entirely objective (6)

Solution to Puzzle No.6,622



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

	Bid Price	Offer Price	+ or –	Yield Gross
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

هكذا في الأصل

FT UNIT TRUST INFORMATION SERVICE

Vanguard Trust Managers Ltd — Contd.

American & Gen	54.0	57.4xd	-0.5	1.87
(Accum Units)	[illegible]	59.8	-0.4	1.87
Growth	217.9	231.8	-	2.40
(Accum Units)	[illegible]	349.6	-0.1	2.40
High Yield	272.9	290.3	-0.3	4.40
(Accum Units)	292.8	311.5	-0.3	4.40
Special Sits	53.6	57.0	-	2.33
(Accum Units)	55.4	58.9	+0.1	2.33
Trustee	160.4	170.6	-0.3	4.05
(Accum Units)	260.5	277.1	-0.3	4.05
European Inc	36.2	38.5	+0.2	0.72
(Accum Units)	36.4	38.7	+0.3	0.72

Wardley Unit Trust Managers Ltd (a)

99, Bishopsgate, London, EC2P 2LA. 01-374 0961

American	50.8	53.6	-0.5	1.5
Intl Growth	66.0	69.8	-	0.4
Income	112.9	120.1xd	-	5.5
Japan Growth	290.0	305.2	+1.2	0.1
Pacific Perf	118.5	125.4	+0.1	0.4
Small Co's	139.6	149.3	-0.9	1.5
Technology	33.2	35.5xd	-0.2	0.1
Australia	48.3	51.7	-0.7	1.3
UK Trust	159.2	168.4	-1.0	2.7
European Growth	41.3	43.7	-0.2	0.1
Hong Kong	25.9	27.5	-0.8	1.3
Intl Income	19.7	21.0	-0.3	8.5
S'pore & Mlysn Gth	18.5	19.6xd	+0.1	1.0
British Winners	25.2	26.9	-0.1	4.0

Waverley Asset Management Ltd (a) (c) (g)

13 Charlotte Sq, Edinburgh 031-225 1551

Australasian Gold	18.5	19.4	—	0.2
Pacific Basin	22.7	24.1	-0.1	0.1
Can Balncd Grth	45.3	48.2	-0.2	0.8
Cirnle Max	97.8	101.9	+0.1	8.6
Penny Share	27.7	29.4	-0.1	0.5

Wellington Fund Mngrs Ltd

2, London Bridge, SE1. 01-407 4404

Wellington Income	107.1	114.0xd	-0.1	4.35
Wellington Growth	168.9	179.7xd	+2.1	1.48

Wessex Asset Management

INSURANCES

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Phoenix Assurance Co Ltd
Phoenix House, Redcliff Hill, Bristol 0272 294941
Life Assurance Funds

Wealth Assur.	378.4	398.5	—	—
Eb'r Ph. Eq.	330.4	351.4	—	—
Pension Plan Funds				
Phoenix				
UK Equity Acc.	165.9	174.6	-0.7	—
International Acc.	127.3	133.9	-0.5	—
Property Acc.	130.2	137.0	—	—
Fixed Interest Acc.	154.9	163.0	+0.3	—
Money Acc.	138.8	146.1	—	—
Bldg. Soc. Link Acc.	136.0	143.1	—	—
Special Mnged. Acc. 0	147.3	155.0	-0.3	—
Phoenix/Framlington				
Intnl. Growth Acc.	87.3	91.8	+0.4	—
Amer. & Gen. Acc.	80.7	84.9	+0.4	—
Capital Tst. Acc.	167.8	176.6	+0.3	—
Japan & Gen Acc.	193.3	203.4	+1.0	—
American Turn. Acc.	85.6	90.1	+0.6	—
Recovery Tst. Acc.	171.6	180.6	+1.7	—
Special Mngs Acc.	143.5	151.0	-0.8	—
Phoenix/GT				
International Acc.	124.3	130.8	+0.9	—
US & General Acc.	85.8	90.3	+0.4	—
Amer Spec. Sits Acc.	65.9	69.3	+0.4	—
Japan & General Acc.	194.0	204.2	—	—
Far East & Gen. Acc.	147.9	155.6	+0.2	—
UK Capital Acc.	172.4	181.4	-0.1	—
European Acc.	131.4	138.3	-0.1	—
Special Mngd. Acc.	126.2	132.8	+0.1	—

Pioneer Mutual Insurance Co Ltd
16 Crosby Rd. N. Waterloo, Liverpool 051-928 6655

Managed Fund	264.7	278.7	—	—
Man Pens Inc & Cap Fds.	338.0	355.8	—	—
Money Fund	112.2	118.2	—	—
Pens Mngd Fd (Unit)	85.0	89.5	—	—
Pens Mngd Fd (Acc)	96.6	101.7	—	—
Pens FT30 Fd (Unit)	127.7	134.5	—	—
Pens FT30 Fd (Acc)	145.0	152.7	—	—
Pens O'seas MgF (Unit)	57.3	60.4	—	—
Pens O'seas MgF (Acc)	65.0	68.5	—	—
Pens Fxd Int Fd (Unit)	105.9	111.5	—	—
Pens Fxd Int Fd (Acc)	120.3	126.7	—	—
Pens Deposit Fd (Unit)	101.2	106.6	—	—
Pens Deposit Fd (Acc)	115.0	121.1	—	—

Premium Life Assurance Co Ltd
37-39, Perrymount Road, Haywards Heath 0444 458721

Prudential Assurance Co
Holborn Bars, London EC1N 2NH 01-405 9222
Prufund

Managed May 4	199.9	208.3	—	—

Prudential Holborn Life Ltd
30 Old Burlington St, London W1X 1LB 01-439 3134

Managed Fd.	424.9	447.3	-1.2	—
Equity Fd.	847.1	891.7	-2.9	—
Intnl. Fd.	299.1	314.9	-1.5	—
Fixed Int. Fd.	365.6	384.9	+0.3	—
Prop. Fd.	320.4	337.3	+0.1	—
Cash Fd.	236.5	249.0	—	—
Pacific Basin Fd.	174.1	183.3	-0.2	—
North American Fd.	121.8	128.3	-1.4	—
European Fd.	121.7	128.2	+0.5	—
Holborn Balanced Gwth Fd.	99.5	104.6	-0.2	—
Holborn Strategic Gwth Fd.	97.9	103.1	-0.1	—

Prudential Holborn Pensions Ltd
30 Old Burlington St, London W1X 1LB 01-439 3134

Managed	464.5	489.0	-0.8	—
Equity	657.4	692.0	-2.5	—
Global Equity	194.5	204.8	-0.1	—
Fixed Interest	376.3	396.2	+0.5	—
Property	315.0	331.6	+0.2	—
Cash	139.7	147.1	—	—
Index Linked Gilt	166.8	175.6	-0.8	—
Guaranteed	7.92	—	—	—
International Money	183.2	192.9	+0.3	—
North American Fd.	55.3	58.3	-0.3	—
Japanese Fund	126.1	132.8	+0.4	—
European Fund	65.8	69.3	+0.1	—
Special Situations Fd.	93.9	98.9	-0.2	—
Communications Fund	80.6	84.9	+0.3	—
Smaller Cos Fund	95.0	100.0	-0.2	—

Prudential Pensions Limited
Holborn Bars, London EC1N 2NH 01-405 9222

Discretry Apr 20	£124.67	128.21	-0.76	—
Equity Fund Apr 20	£135.51	139.61	-1.5	—
Intnl Fund Apr 20	£20.12	20.76	-0.03	—
Intl Bond Fd Apr 20	£10.09	10.23	-0.02	—
Fixed Int Apr 20	£68.32	69.18	-0.02	—
Index Linked Apr 20	£52.33	52.98	+0.09	—
Property Fund Apr 20	£83.93	88.56	+0.13	—
Cash Fund Apr 20	£18.5339	18.5309	+0.0294	—

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

1988 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
100	99	Treas 9¾pc Cv '88	100	.....	9.73	7.84
99	98	Transport 3pc '78-88	99	+	3.02	6.25
100	99	Treas. 9½pc '88	100	.....	9.46	8.55
102	101	Treas 11½pc 1989	102	.....	11.27	8.70
101	99	Treas 9½pc Cnv 1989	100	.....	9.44	8.76
97	95	Treas 3pc 1989	96	–	3.10	6.20
102	100	Treas 10½pc 1989	101	+	10.34	8.92
102	100	Exch 10pc 1989	101	.....	9.88	8.93
103	101	Exch 11pc 1989	102	+	10.72	8.94
97	95	Treas 5pc 1986-89	96	–	5.17	7.44
104	101	Exch 10¼pc Cv '89	102	.....	9.97	8.25
107½	105	Treas 13pc 1990‡‡	106	+	12.23	8.85
104	102	Exch 11pc 1990‡‡	103	+	10.65	8.92
107	105	Exch. 12½pc 1990	105	+	11.80	8.96
93	91	Treas. 3pc 1990	93	+	3.23	6.83
99	98	Treas 8¼pc 1987-90‡‡	99	+	8.34	8.80
102	98	Treas. 8pc Cv 1990	100	+	7.99	7.89
103	100	Treas. 10pc Cv 1990	102	+	9.79	9.01
91	88	Exch 2½pc 1990	90	+	2.76	6.58
107	105	Treas 11¾pc 1991	106	+	11.07	9.09
95	92	Funding 5¾pc '87-91‡‡	94	–	6.10	7.97
90	87	Treas. 3pc 1991	89½	+	3.37	7.06
105	101	Treas 10pc Cv '91 ‡‡	103	.....	9.69	8.80
107	104	Exch. 11pc 1991	105	+	10.42	9.10
98	95	Treas. 8pc 1991	96	+	8.26	9.06
113	109	Treas 12¾pc 1992‡‡	111	+	11.48	9.14
104	101	Treas 10pc 1992	102	+	9.75	9.11
98	94	Treas. 8pc 1992 ‡‡	96	+	8.30	9.10
106	102	Treas 10½pc Cv 1992‡‡	104	+	10.06	9.15
86	83	Treas. 3pc 1992	85	+	3.51	7.18
112	108	Exch. 12¼pc '92	110	+	11.10	9.25
117	113	Exch 13½pc 1992	114	+	11.76	9.27
105	100	Treas 10pc 1993‡‡	103	+	9.70	9.21
		Five to Fifteen Years				
115	111	Treas 12½pc 1993‡‡	113	+	11.07	9.30
93	89	Funding 6pc 1993‡‡	92	.....	6.50	7.78
121	116	Treas 13¾pc 1993‡‡	118	+	11.58	9.34
101	96	Treas. 8½pc 1994	96	+		
125	120	Treas 14½pc 1994‡‡	122	+	11.81	9.32
120	115	Exch 13½pc 1994	118	+	11.44	9.47
105	100	Treas. 10pc Ln. 1994‡‡	103	+	9.69	9.30
116	111	Exch. 12½pc 1994	113	+	10.97	9.49
101	95	Treas 9pc 1994‡‡	98	+	9.09	9.20
114	109	Treas 12pc 1995	112	.....	10.70	9.50
83	80	Exch 3pc Gas 90-95	80	.....	3.74	6.58

BRITISH FUNDS—Contd

1988 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
89	82	Treas. 7¾pc 2012-15‡‡	87	–	8.91	9.04
130	121	Exch. 12pc '13-'17	127	–	9.42	9.19
		Undated				
44	41	Consols 4pc	43	+	9.16	–
39	37	War Loan 3½pc‡‡	39	+	8.97	–
52	48	Conv. 3½pc '61 Aft.	51	+	6.79	–
33	30	Treas. 3pc '66 Aft.	32	+	9.27	–
28	26	Consols 2½pc	27	+	9.11	–
28	26¼	Treas. 2½pc	27	+	9.11	–
		Index-Linked			(1)	(2)
120	117½	Treas 2pc IL '90(333.9)	119	.....	0.53	2.06
101	99	Do. 2pc '92‡‡ (385.8)	100	.....	2.02	2.71
136¼	127¾	Do. 2pc '96(267.9)	135	+	2.90	3.23
113	103	Do 2½pc '01 (308.8)	113	+	3.47	3.71
111	101	Do. 2½pc '03(310.7)	110	+	3.55	3.76
112	102	Do. 2pc '06(274.1)	111	+	3.62	3.80
105	95	Do. 2½pc '09(310.7)	104	+	3.63	3.80
109	99	Do. 2½pc '11(294.1)	105	+	3.65	3.80
90	82	Do. 2½pc '13(351.9)	90	+	3.64	3.78

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1988 High	Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
45	33	Greek 7pc Ass.	45	.....	3.50	f7.78
45	33	Do. 6pc 28 Stb. Ass.	45	.....	3	f6.67
45	33	Do 4pc Mixed Ass.	45	.....	2	f4.44
75	63	Hung. '24 Ass.	63	.....	2.75	f4.37
140	128	Hydro Quebec 15pc 2011	137	+	15.00	10.62
128	118	Iceland 14½pc Ln 2016	124	+	14.50	11.54
102	96½	Ireland 9¾pc '91-96	100	+	9.75	9.60

AMERICANS

1988 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
29¼	23	Abbott Laboratories§	24	–¼	$1.20	–	2.7
649p	466p	Allegheny & W 1c	483p	.....	30c	–	3.4
11	862p	Amax $1	10	–	Q20c	–	–
22	16	Amdahl 5c	22	+1	20c	–	0.5
30	22	Amer. Cyanamid $5	27	+1¼	$1.05	–	2.1
15½	11¼	Amer. Express 60c	12	–	76c	–	3.3
923p	668p	Amer. Medical Int $1	891p	–	$72c	–	4.4
17	13	American T. & T $1	14	–	$1.20	–	4.7
54	44	Ameritech $1	46	–	$5.40	–	–
20	16	Amfac§	19	+	–	–	–

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES

AMERICANS – Contd

1988 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
28¾	22⅝	TRW Inc. 62½c	23¾	–⅛	$1.60	–	3.7
25⅝	21¼	Tenneco $5	23⅛	.....	$3.04	–	7.2
26½	19½	Texaco $6.25	26½	+⅜	$3.00	–	6.2
52⅛	43¼	Time Inc. $1	47¼	–⅜	$1.00	–	1.2
20¼	15⅞	Transamerica $1	17½	–⅛	$1.84	–	5.8
10¼	754p	Transworld Corp $5	942p	.....	20c	–	1.2
20¼	15	TRINOVA Corp	16	–¼	56c	–	1.9
19	15¼	USX $1	16¼	–¼	$1.20	–	3.9
23	17⅝	Utd. Technologies	21½	–¼	$1.60	–	4.2
31⅛	26¼	US West	28	–⅛	$3.52	–	6.9
27¼	16⅞	Waste Management $1	18½	–½	36c	–	1.1
16¾	12⅞	Whirlpool $1	14⅛	–¼	–	–	–
32⅞	18¼	Woolworth $3½	31¼	–½	$1.64	–	2.8

CANADIANS

1988 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
309p	190p	ABM Gold Corp	195p	–5	–	–	–
32p	11p	Abbot Energy Corp	11p	–4	–	–	–
14¾	990p	Amer. Barrick Res.	10⅞	–⅛	–	–	–
10p	3½p	American Lightwave	6½p	.....	–	–	–
47p	21¼p	Armeno	27½p	–½	–	–	–
76p	48p	Augmitto Explo.	48p	–1	–	–	–
12¾	10¾	Bk. Montreal	11¼	–⅛	$2.00	–	7.8
595p	528p	Bk. Nova Scot.	538p	–10	76c	–	6.2
17½	15¼	BCE	16⅛	.....	$2.44	–	6.5
716p	591p	Bow Valley	634p	.....	40c	–	2.8
12⅝	10½	Brascan	11	.....	88c	–	3.5
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES – Contd

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd.

[illegible]

INSURANCES

[illegible]

هكذا من الاصل

LONDON SHARE SERVICE

INSURANCES—Contd

LEISURE

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING, ADVERTISING—Contd

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES—Contd

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND—Contd

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Contd

Tins

Miscellaneous

THIRD MARKET

High	Low	Stock		Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
59	36	Ovoca Gold IR 2p.	γ	51	....	–	–	–	–
50	33	Propeller 1p.	γ	49	....	–	–	–	♦
31	13	Publishing Hldgs. 5p.	γ	17	+1	–	–	–	10.2
80	70	Seacon Hldgs	γ	70	....	–	–	–	♦
27	18	Stats Hldgs. 5p	γ	20	....	–	–	–	51.2
4½	3	Swanyard Studios 1p.	γ	3½	....	–	–	–	20.0
262	200	Takare	γ	255	–7	b1.0	8.1	0.5	26.2
57	41	Theme Holdings	γ	47xd	+1	1.1	♦	3.1	♦
36	26	Tomorrows Leisure 20p	γ	26	....	–	–	–	10.4
25	14	Tullow Oil 10p	γ	17	....	–	–	–	–
135	120	UPL Group 10p.	γ	122	....	L2.41	2.8	2.6	18.3
142	120	Unit Group	γ	142	+2	R4.6	2.5	4.3	10.2
95	85	Video Tape Recording 5p		92	....	L2.3	2.3	3.4	13.1

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- ∦ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♦ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital e Redemption yield. f Flat yield g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock		Price	+ or –
Albany Inv 20p.	γ	71	....
Craig & Rose £1	γ	695	+7
Finlay Pkg. 5p.	γ	79	+2
Holt (Jos) 25p.	γ	£21¼	....

IRISH

Stock		Price	+ or –
Nat. 9¾% 84/89		£101	....
9pc Cap Ln. 1996		£98¼	....
Fin. 13% 97/02		£118¾	....
Arnotts	γ	310	+10
CPI Hldgs.	γ	98	–2
Carroll Inds.	γ	150	–3
Hall (R. & H.)		145	+7
Helton Hldgs.	γ	40	....
Irish Ropes	γ	125	....
Unidare	γ	348	–10

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	35
Amstrad	15
BAT	45
BOC Grp	40
BSR	10
BTR	28
Barclays	48
Beecham	46
Blue Circle	42
Boots	26
Bowaters	38
Brit Aerospace	35
Brit. Telecom	22
Burton Ord	24
Cadburys	26
Charter Cons	32
Comm Union	35
Courtaulds	34
FKI Babcock	14
FNFC	25
Gen Accident	85
GEC	15
Glaxo	110
Grand Met	42
GUS 'A'	110
Guardian	87
GKN	30
Hanson	14
Hawker Sidd	40
ICI	100
Jaguar	35
Ladbroke	38
Legal & Gen	30
Lex Service	35
Lloyds Bank	28
Lucas Inds	62
Marks & Spencer	20
Midland Bk	35
Morgan Grenfell	35
NEI	10
Nat West Bk	60
P & O Dfd	52
Plessey	16
Polly Peck	32
Racal Elect	22
RHM	35
Rank Org Ord	60
Reed Intnl	45
STC	25
Sears	14
TI	35
TSB	12
Tesco	16
Thorn EMI	60
Trust Houses	22
T&N	20
Unilever	50
Vickers	18
Wellcome	42
Property	
Brit Land	28
Land Securities	48
MEPC	48
Peachey	40
Oils	
Brit Petroleum	25
Britoil	50
Burmah Oil	45
Charterhall	6
Premier	8
Shell	110
Tricentrol	10
Ultramar	24
Mines	
Cons Gold	100
Lonrho	29
RTZ	38

A selection of Options traded is given on the London Stock Exchange Report Page

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £940 per annum for each security.

LONDON STOCK EXCHANGE

Equities turn down late as Footsie futures contract moves to discount on index

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Apl 25	May 5	May 6	May 16
May 9	May 19	May 20	May 31
May 23	Jun 2	Jun 3	Jun 13

*New time dealings may take place from 9.00 am two business days earlier.

LEADING SHARES moved towards the final session of the trading Account in a mood of caution behind the fall overnight on Wall Street. The US market suffered a relapse as investors began to show concern over the prospect of both higher inflation and dearer credit. London, with no economic or financial data scheduled to influence sentiment yesterday, simply followed in step.

The FT-SE index opened the session with a fall of six points, although earlier unofficial calculations measured a larger loss. Marketmakers were expecting short-term operators to realise the sizeable gains in many of the current situation stocks, or market plays. But holders decided otherwise and there was little profit-taking, despite thoughts that the recent BP referral might choke speculative fervour.

There were few notable features in the market except for continuing high activity in Rowntree. Suchard declared an increased stake of 25.4 per cent and continued to buy Rowntree shares yesterday which remained steadfastly around 904p, compared with the 890p cash per share offer from Nestlé. The latter has a 7.1 per cent shareholding.

Sterling firmness militated against renewed support of dollar earners, and volume for the equity sector as a whole stayed low. While traders were ruminating over the lack of trade, the tone unexpectedly improved. The reason for this was partly attributable to the view portrayed in the latest Nomura Research Institute (NRI) review of UK equities.

NRI feels the market is "discounting all the negative news and prospects such as the risks of overheating and the consequences of stronger sterling. However, the actual economy has been showing solid growth, measured in terms of consumer spending, industrial production and corporate earnings, and the gap between the current state of the ecopnomy and the stock market has been widening". The Institute concludes, "we believe the London market offers good value when measured against traditional yardsticks".

The "Footsie" index had regained the loss by mid-morning and subsequently recorded minor changes in both directions ahead of the Wall Street opening. A continuation of the US market's weaker trend, awaiting announcement today of the important April employment data, failed to dampen spirits but a late downturn in Footsie futures did.

The May contract was finally trading at 178.10, a discount then of some twelve points on the index level. So the latter moved down as hedging business was effected to end the day a net 5.2 down at 1789.5.

Another slow session in the UK bond market furnished fresh evidence that the change of attitudes on interest rate trends was extending the current stand-off between buyers and sellers. Conventional issues fluctuated within a very narrow range before settling a touch firmer while Index-linked Gilts attracted slightly more business on inflation worries to close ⅛ higherin places.

Harris Queensway, erratic performers over the past week or so as rumours concerning the results circulated, shocked the market by revealing appalling preliminary figures – profits slumped from £50m to £16.9m – but triggered an abrupt upsurge in the share price by revealing that the company had received an "unsolicited bid approach."

HQ shares spurted to close a net 46 higher at 171p. The news immediately led to a flurry of speculation as to the identity of the possible bidder, with the list of names stretching into double figures.

Apart from outside names, the list at first included GUS, Mounteleigh, Boots, Tesco, Woolworths, as well as overseas names. Dealers said any bid, which they say would have to be agreed with the HQ board, would probably start around 200p a share. But added that without the bid the HQ share price would probably be below 100p.

Wellcome's interim figures, although not up to some of the market's more fanciful expectations, were given a good reception. Despite a reduction of £16m owing to adverse currency movements, pre-tax profits at the halfway mark recorded a 17 per cent increase at £94.8m.

The market was also impressed by the £40m sales figure for Retrovir, the only drug currently approved for the treatment of Aids. After a positive meeting with analysts, the share price pushed ahead strongly in good volume, totalling some 4.5m shares, to close 23½ higher at 478½p. Assuming full year sales and profits from Retrovir of £100m and £35m respectively, Steve Plag, the pharmaceuticals analyst at Flemings Research, is forecasting annual pre-tax profits for Wellcome of £215m.

FINANCIAL TIMES STOCK INDICES

	May. 5	May. 4	May. 3	Apr. 29	Apr. 28	Year Ago	1988 High	1988 Low	Since Compilation High	Since Compilation Low
Government Secs	89.78	89.72	89.70	90.05	89.70	92.53	91.43 (18/4)	86.97 (13/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	96.86	97.22	97.47	97.57	96.92	97.44	98.31 (19/4)	96.14 (8/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1430.7	1438.1	1449.7	1443.9	1444.7	1628.0	1478.7 (4/3)	1349.0 (8/2)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	199.2	198.6	201.3	206.4	211.1	446.5	312.5 (7/1)	198.6 (4/5)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div.Yield	4.53	4.51	4.49	4.51	4.52	3.54				
Earnings Yld. %(full)	11.73	11.69	11.63	11.70	11.70	8.39				
P/E Ratio (net)(*)	10.42	10.47	10.52	10.45	10.46	14.68				
SEAQ Bargains (5pm)	29,537	29,727	26,702	27,276	27,629	43,878				
Equity Turnover (£m)	-	1152.23	956.18	1074.36	1161.03	1599.50				
Equity Bargains	-	31,866	30,913	30,819	29,534	32,960				
Shares Traded (ml)	-	360.3	325.1	462.8	437.1	606.8				

S.E ACTIVITY

Indices	May.4	May.3
Gilt Edged Bargains	118.8	111.2
Equity Bargains	206.5	200.3
Equity Value	2329.0	1932.7
5-Day average		
Gilt Edged Bargains	122.3	123.7
Equity Bargains	200.4	195.5
Equity Value	2364.4	2328.4

♥ Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1430.8	1436.1	1432.6	1434.5	1434.4	1434.1	1432.7	1432.9

Day's High 1436.4 Day's low 1430.7

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, S E Activity 1974. * Nil=10.31.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 0898 123001

Racal's turnover topped 13m and continued to keep analysts and dealers on red alert to possible market raids said to have been delayed by last week's announcement of the proposed flotation of the Vodafone division.

Racal shares dipped to 307p during the morning but moved up signficantly during the afternoon to close a net 8 up at 318p. West Germany's Siemens and the UK-domiciled Cable & Wireless are both regarded as prime candidates to launch a full offer for Racal.

The banks sector came in for a bout of strong support after the recent period of relative underperformance. At least two leading securities houses were aggressive buyers of the sector with particular emphasis placed on Natwest, "the top rated bank of all the clearers" according to many brokers, which jumped 12 to 538p. Midland were not far behind and added 8 at 393p while Lloyds were 7 up 275p. Barclays edged up 6 to 384p with the nil paid finally 5 higher at 134p premium.

Union Discount came to life and rose 7 to 570p after announcing the establishment of a joint venture in equity marketmaking – Winterflood Securities – specialising in USM's, third market stocks and Gamma and Delta issues.

Lifes failed to arouse any significant support although London and Manchester attracted persistent buying interest and hardened to 269p. In composites stories that a rights issue could be in the pipeline at Royals were shrugged aside and Royals shares dipped 6 more to 412p – again a reflection of the possible link up with French group Victoire which could well remove any chances of predatory moves by other groups. London United, heavily sold after the poor figures, rallied strongly to close a net 10 higher at 174p. In brokers a keen buyer boosted Hogg Robinson Gardner 5 to 143p.

Porvair, a manufacturer of microporous plastic materials, made a good start in the Unlisted Securities Market, closing at 93p against the placing price of 78p. Clinton Cards, greetings card retailers, also staged a successful USM debut closing at 173p, compared with a placing price of 150p. Third market newcomer LGW, a wholesale distributor of watches and jewellery, began life at the placing price of 60p and advanced to 63p.

Interest in an otherwise quiet Brewery sector focused on Allied Lyons, which moved up to 415p on persisting bid rumours before reverting to the overnight level of 412p after modest turnover of 1.1m. Vaux Group came under pressure ahead of next Thursday's interim figures and finished down 9 at 569p, but Invergordon Distillers rose 10 to 221p as bid speculation resurfaced.

Buildings gave another resilient performance despite the absence of a rumoured dawn raid on one of the majors. Most active stock was BPB, which attracted turnover of 1.7m, after reports that Knauf, the West German group, was planning to enter the plasterboard market. BPB dipped to 275p, but rallied to finish unchanged at 280p. Business was otherwise lacklustre with leading issues showing little overall alteration. AMEC were unchanged at 398p after details of four new contracts, worth some £62m, to design and build two ASDA distribution units.

Laporte featured chemicals, rising 15 to 410p following reports of a favourable conclusion to an analysts' meeting. ICI continued to drift down and closed 9 off at 976p.

GUS "A" initially dipped sharply to 1035p on the Harris Queensway news, rallied to 1061p on reports of a denial it was to bid for HQ, and then settled 6 up at 1049p. Other issues enlivened by the HQ story were Woolworth, which dipped to 273p before closing a net 274p. Ward White, already involved in a tilt at AG Stanley, eased 2 to 313p. WH Smith "A" settled 5 down at 280p. Other top retailers continued to suffer from recent adverse comment on the sector.

The speculation surrounding Racal triggered further good interest in other top electronics. Activity picked up in STC, a shade firmer at 259p on turnover of 1.2m, while GEC, turnover 5.2m, held around 149p. Plessey, initially depressed by a substantial selling order, later rallied well to close a fraction firmer at 156p. The Euro-radar news boosted Ferranti which added 2 at 86p, after 87p, on turnover of 5.2m.

Thorn EMI, one of the current takeover favourites in the sector, continued to attract a major two way business on continuing talk that a bid of at least 750p a share is being prepared for the group.

Engineers ended the day with several noteworthy movements. Thomas Robinson, still reflecting the market's cautious reaction to the counter-offer for J.Crowther, reacted afresh to close 16 down at 403p for a two-day loss of 52. Coloroll, the original bidders, eased 5 to 180p, while J.Crowther closed 2 down at 187p. Hopkinsons, reflecting the sharp fall in annual profits, gave up 7 to 122p. In contrast, Meggitt Holdings responded to news of the major expansion of its aerospace and defence division in the US with a rise of 4 at 113p. Aurora, a good market since announcing the disposal of land and a proposed acquisition, continued to attract buyers and put on 7 further to 113p. News of a 17 per cent increase in sales of Rolls-Royce and Bentley motor cars in the first four months of the current year aroused occasional demand for Vickers which edged up a few pence to 169½p.

Rowntree continued to trade actively, turnover topped 12m as Suchard increased its holding in the company. Cadbury Schweppes, however, gave further ground in the absence of any takeover developments to close 7 lower at 323p. Elsewhere, Unigate were relatively lively and closed a penny dearer at 284p on turnover of 1.6m but Northern Foods edged up 4 to 301p as takeover speculation revived. Bassett Foods dipped 5 to 226p on news that Hillsdown Holdings had sold its stake in the company.

Grand Metropolitan edged up 2 to 500p in slack trading but recent takeover favourite Stakis encountered end-Account profit-taking to close 3 lower at 107p.

Once again, the International stocks traded quietly with prices eventually succumbing to fresh early weakness on Wall Street and closing with minor losses on the day.

Hestair, a current favourite with Kleinwort Grieveson (KG), continued to attract buyers and put on 9 more to 317p

In a review of the company, KG point out that the current year is progressing ahead of budget, with the employment agency businesses on both sides of the Atlantic providing excellent growth in sales and suggest that Hestair shares rate as a strong buy after recent underperformance.

Smith and Nephew were actively traded in the wake of slightly disappointing first quarter figures and fell away in a volume of some 6.6m shares to close 5 lower at 122p.

BAA's possible bid for Lynton Property and Reversionary aroused considerable interest with some 8m shares changing hands in the former which eventually settled without alteration at 122p.

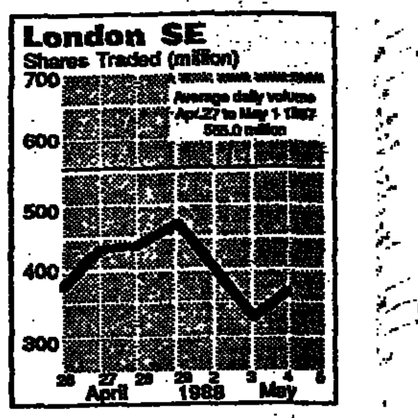
Commenting on the situation, County NatWest WoodMac says "that if a full bid for Lynton is agreed it would appear to be a good fit offering a great deal of potential". Revived bid hopes left Low and Bonar 8 to the good at 246p, while Metal Box, reflecting BTR stake speculation, put on 8 to 218p. Pearson firmed afresh to 710p, up 4 in the wake of the West Thurrock property deal with Capital and Counties.

Land Securities led the Property sector lower, the shares falling 11 to 556p, on turnover of 1.6m; the annual results are due on May 19. Lynton Property and Reversionary continued to attract support on hopes of a full bid from BAA and closed 12 better at 427p. Markheath edged up 2 to 75p following the company's announcement that it had let a second phase of its Hertfordshire office campus development.

Reed International featured in the earlier dealings, racing ahead to 432p as takeover rumours resurfaced before falling back to close only 6 higher on balance at 421p. Around 4.4m shares passed through the system yesterday.

The referral of the Kuwait Investment Office Stake in BP to the Monopolies Commission shaved another couple of pence off the share prices of BP "old" and "new. The latter dipped 1½ to 70½p on turnover of 7.7m while the "old" settled 2 lower at 264p on turnover of 6.5m.

Traded Option activity contracted quite sharply. The total number of contracts falling to 23,095, comprising 14,585 calls and 8,510 puts. Among the more actively traded stocks, BP registered 1,432 calls and 1,105 puts. The FT-SE contract attracted 1,548 calls and 2,632 puts.



Traditional Options

- First dealings May 3
- Last dealings May 13
- Last declarations July 28
- For Settlement Aug 8

For rate indications see end of London Share Service

Activity in the Traditional option market fell away to a low level. Stocks to attract money for the call included Eagle Trust, SI Group, Baldwin, Stormgard, Harris Queensway, Racal, Amalgamated Financial, BOM Holdings and Cable and Wireless. No put options were reported but a double was arranged in British Petroleum partly-paid.

NEW HIGHS AND LOWS FOR 1988

NEW HIGHS (70). BRITISH FUNDS (1) AMERICANS (2) CANADIANS (1) BREWERS (1) BUILDINGS (8) STORES (2) ELECTRICALS (8) ENGINEERING (4) FOODS (2) HOTELS (3) INDUSTRIALS (17) LEISURE (5) PROPERTY (4) SHIPPING (1) TEXTILES (1) TRUSTS (8) OILS (1) MINES (5).

NEW LOWS (57). LOANS (1) AMERICANS (4) CANADIANS (2) BANKS (1) BUILDINGS (1) STORES (2) ELECTRICALS (4) ENGINEERING (1) FOODS (1) INDUSTRIALS (11) LEISURE (1) MOTORS (2) PAPERS (1) PROPERTY (1) SHIPPING (1) SHOES (2) TRUSTS (12) MINES (8).

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Stock	Volume 000's	Stock	Volume 000's
ASDA Group	1,400	General Accident	338	Prudential	331
Allied-Lyons	1,100	General Elect.	5,300	Racal	12,400
Amstrad	2,700	Glaxo	743	Rank Org.	430
Argyll Group	1,000	Globe Investment	128	RMC	369
Assoc. Brit. Foods	200	Granada	756	RHM	1,300
BAA	8,000	Grand Met	481	Reckitt & Colman	300
BAT	1,400	GUS "A"	488	Redland	493
BET	588	Guardian R.E.	187	Reed Intl.	4,300
BICC	73	GKN	951	Reuters "B"	472
BOC	593	Guinness	387	RTZ	610
BPB Inds	1,700	Hammerson	273	Rolls-Royce	4,100
BTR	4,000	Hanson	5,600	Rothmans "B"	314
Barclays	976	Hawker Siddeley	1,400	Rowntree	12,000
Bass	959	Hillsdown Holdings	570	Ryl Bank Scotland	1,100
Beecham	1,100	IMI	281	Royal Insurance	1,200
Blue Arrow	8,000	ICI	653	STC	1,200
Blue Circle	964	Jaguar	409	Saatchi & Saatchi	383
Boots	1,800	Ladbroke	275	Sainsbury	634
Brit. Airways	4,100	Land Securities	2,700	Scott & Newcastle	771
Brit. Aerospace	846	Laporte	3,000	Sears	2,800
Brit. & Comm.	405	Legal & General	277	Shell Transport	2,050
British Gas	4,300	Lloyds Bank	1,200	Smith & Nephew	5,800
BP	6,500	LASMO	1,500	Standard Chartered	66
Brit. Telecom	3,300	Lonrho	270	Storehouse	2,300
Burmah Oil	2,000	Lucas	1,600	Sun Alliance	143
Burton	347	MEPC	1,200	T & N	230
Cable & Wireless	678	Marks & Spencer	5,700	TSB	2,800
Cadbury Schweppes	2,300	Maxwell Comm.	3,200	Tarmac	685
Coats Viyella	256	Metal Box	7,400	Tesco	2,000
Commercial Union	1,100	Midland Bank	1,800	THORN EMI	1,000
Cons. Gold	946	NatWest Bank	2,100	Trafalgar House	3,300
Cookson	140	Next	656	Trusthouse Forte	957
Courtaulds	1,900	Northern Foods	2,000	Ultramar	2,100
Dalgety	1,300	Pearson	277	Unilever	919
Dee Corporation	943	Pearl Group	400	United Biscuits	1,000
Dixons	1,000	P & O	510	Wellcome	4,500
English China Clays	1,400	Pilkington	903	Whitbread "A"	1,200
Enterprise Oil	786	Plessey	2,500	Williams Holdings	714
Fisons	560			Woolworth	1,900

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	76	13	24
Corporations, Dominion and Foreign Bonds	17	9	27
Industrials	346	528	679
Financial and Properties	99	192	354
Oils	27	31	50
Plantations	1	2	10
Mines	52	54	89
Others	41	114	98
Totals	659	943	1,331

FT – ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Thursday May 5 1988 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at 25%)	Est. P/E Ratio (Net)	xd adj. 1988 to date	Wed May 4 Index No.	Tue May 3 Index No.	Fri Apr 29 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (207)	762.87	-0.1	10.14	3.95	12.34	8.72	763.77	766.71	764.68	876.47
2	Building Materials (29)	999.16	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (487)	941.98	-0.2	9.67	3.84	13.03	7.89	944.22	947.95	945.33	1080.34
51	Oil & Gas (13)	1817.85	-0.7	10.64	5.62	12.12	38.41	1829.88	1852.65	1847.22	1995.34
59	500 SHARE INDEX (500)	1015.91	-0.3	9.81	4.10	12.89	10.46	1018.95	1024.29	1021.44	1157.92
61	FINANCIAL GROUP (122)	665.68	+0.2	–	4.98	–	11.59	664.05	668.18	669.75	789.42
62	Banks (8)	626.77	+1.6	22.73	6.50	5.98	17.45	617.01	618.88	622.08	750.48
65	Insurance (Life) (8)	965.17	-0.2	–	5.28	–	24.97	967.06	976.48	977.56	986.96
66	Insurance (Composite) (7)	528.37	-0.5	–	5.60	–	8.40	530.77	537.65	540.73	528.09
67	Insurance (Brokers) (7)	902.96	+0.3	10.82	7.03	11.98	26.67	900.35	909.58	910.85	1157.73
68	Merchant Banks (11)	340.71	+0.4	–	4.23	–	3.81	339.51	345.36	346.72	378.15
69	Property (51)	1157.96	-0.7	4.85	2.68	26.51	4.88	1165.76	1166.18	1161.87	1039.38
70	Other Financial (30)	382.41	+0.1	10.51	4.57	11.99	3.74	381.91	385.19	387.12	469.82
71	Investment Trusts (82)	872.84	-0.4	–	2.94	–	5.78	876.22	875.30	873.99	974.84
81	Mining Finance (2)	479.14	+0.6	9.69	3.93	11.67	2.01	476.26	482.98	467.81	494.89
91	Overseas Traders (8)	1030.29	+0.1	10.42	5.26	11.27	28.07	1029.27	1043.44	1036.04	967.01
99	ALL-SHARE INDEX (714)	923.61	-0.2	–	4.21	–	10.38	925.47	930.45	928.39	1037.97

	Index No.	Day's Change	Day's High	Day's Low	May 4	May 3	Apr 29	Apr 28	Apr 27	Year ago
FT-SE 100 SHARE INDEX ♦	1789.5	-5.2	1797.2	1788.7	1794.7	1807.2	1802.2	1804.4	1806.7	2077.9

FIXED INTEREST

	PRICE INDICES	Thu May 5	Day's change %	Wed May 4	xd adj. today	xd adj. 1988 to date
	British Government					
1	5 years	123.16	+0.06	123.11	0.02	3.94
2	5-15 years	140.11	+0.09	139.99	–	4.60
3	Over 15 years	148.57	+0.04	148.51	–	5.65
4	Irredeemables	164.67	+0.32	164.14	–	6.08
5	All stocks	136.94	+0.07	136.85	0.01	4.54
	Index-Linked					
6	5 years	125.84		125.83	–	0.51
7	Over 5 years	120.39	+0.48	119.82	–	1.18
8	All stocks	120.65	+0.43	120.13	–	1.12
9	Debentures & Loans	119.16	+0.07	119.15	0.08	4.40
10	Preference	92.06	-0.19	92.23	–	2.20

	AVERAGE GROSS REDEMPTION YIELDS		Thu May 5	Wed May 4	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	8.82	8.85	7.81
2		15 years	9.20	9.28	8.64
3		25 years	9.06	9.07	8.65
4	Medium Coupons	5 years	9.30	9.32	8.58
5		15 years	9.42	9.42	8.83
6		25 years	9.23	9.24	8.85
7	High Coupons	5 years	9.38	9.40	8.73
8		15 years	9.57	9.57	8.97
9		25 years	9.28	9.29	8.82
10	Irredeemables†		9.07	9.09	8.75
	Index-Linked				
11	Inflation rate 5%	5yrs.	2.55	2.54	2.61
12	Inflation rate 5%	Over 5 yrs.	3.73	3.76	3.54
13	Inflation rate 10%	5 yrs.	1.62	1.61	2.09
14	Inflation rate 10%	Over 5 yrs.	3.57	3.59	3.43
15	Debs & Loans	5 years	10.29	10.32	9.75
16		15 years	10.62	10.64	9.99
17		25 years	10.68	10.67	10.02
18	Preference†		9.76	9.75	10.40

♦Opening index 1788.7; 10 am 1797.1; 11 am 1791.9; Noon 1795.3; 1 pm 1795.4; 2 pm 1795.3; 3 pm 1793.5; 3.30 pm 1793.7; 4 pm 1793.2

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

LONDON TRADED OPTIONS

Option		Calls Jul	Calls Oct	Calls Jan	Puts Jul	Puts Oct	Puts Jan
Allied Lyons (*414)	390	38	45	55	17	22	27
	420	20	33	40	32	37	45
	460	9	19	25	62	65	70
Brit. Airways (*162)	140	25	28	31	3	6	9
	160	11	16	20	11	14	18
	180	3	8	12	26	28	32

Option		Calls May	Calls Aug	Calls Nov	Puts May	Puts Aug	Puts Nov
LASMO (*408)	360	50	67	80	3	14	22
	390	22	50	58	9	26	33
	420	9	33	45	27	40	48
P. & O. (*571)	550	25	52	62	7	22	32
	600	5	27	37	35	47	60
	650	2	13	24	84	87	94

[illegible]

May 5 Total Contracts 23,095 Calls 14,585 Puts 8,510
FT-SE Index Calls 1548 Puts 2632
*Underlying security price.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. date	1988 High	1988 Low	Stock	Closing Price p	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
‡	F.P.	-	195	184	Acre Oil 50p	195	+3	W3.5	2.1	2.4	26.2
95	F.P.	12/5	98	94	B.W.D Securities	94		R3.75	3.3	5.3	7.6
330	120	-	80	70	British Petroleum	70½	-2	R12.5	1.5	5.9	14.0
[illegible]	F.P.	-	100	80	[illegible] Central Motor Auctions	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

WORLD STOCK MARKETS

CANADA

TORONTO

Closing prices May 5

MONTREAL

Closing prices May 5

OVER-THE-COUNTER

Nasdaq national market, closing prices

Continued from Page 45

Stock		Sales (Hnds)	High	Low	Last	Chng
Novell		27 1218	21¾	21¼	21⅝	+ ⅜
Noxells .40	17	729	20¼	19½	19½	− ½
Nutmc .56		97	12⅝	12	12⅝	− ⅛
O O						
OMI Cp	60	3909	5 9-16	5 5-16	5 7-16	− 1-1
OcuUrg	27	36	6¼	6¼	6¼	
Oceaner		3031	3	2¾	2⅞	− ⅛
Octel	47	1680	13⅝	13¼	13⅝	+ ⅛
OgliGp .88	14	582	28	27¾	27¾	
OhioCas1.88	8	521	34½	34	34½	+ ¼
OldKnt .86	8	64	22½	22¼	22½	+ ⅛
OldStn 1.56	21	125	19¾	19¼	19¾	
OmniBk .40		40	20⅛	20	20	− ¼
Omnicm .98	14	604	20⅛	19⅝	19⅞	− ⅜
OneBc .40	7	46	13¾	13½	13¾	+ ¼
OpticC	72	68	14¾	14¼	14⅜	− ⅜
OpticR	12	300	16	14¾	15¼	− ½
Oracles	36	2978	17½	17	17¼	− ¼
Orbit	12	474	5¾	5⅝	5⅝	
Oria		219	2 5-16	2 3-16	2 5-16	+ 1-1
OshBAs.28a	17	396	24¾	23¾	24⅝	+ ⅝
OshkTB .40	7	176	16⅝	16¼	16¼	− ¼
OttrTP 2.96	10	84	41	40	40¼	− ½
OutletC		15	17½	17½	17½	− ½
P Q						
PCFoods		14	14¼	14	14	− ¼
PACE	29	397	9⅛	8⅞	9⅛	+ ¼
Pacar 1 60a	10	208	73	71½	71½	− 1½
PacDunL58r		120	12½	12⅜	12½	− ¼
RiggsNt1.10		304 103	21¼	20¾	21¼	
RoadSv1.10		22 2006	29½	28½	28¾	− ½
RbtHlfs	28	45	20	19½	20	+ ¼
RochCS .36	11	200	12⅝	12⅝	12⅝	+ ⅛
RavltFd.10e	5	170	10½	10⅜	10½	+ ⅛
RoseB .16a	10	217	9⅜	9	9	− ¼
Rospich	22	108	19⅞	19½	19⅞	+ ⅜
RossStr		13 1487	5⅝	5⅜	5½	
Rouses .52		104 343	22¼	21¾	21¾	− ⅜
Roylprs	24	813	3¼	2½	2⅞	− ¼
RyanFs		20 3782	6¾	6¼	6½	− ¼
S S						
SCI Sys	15	575	13¼	12¾	12⅞	− ⅜
SCORU	6	51	8¼	8¼	8¼	− ¾
SEls	20	40	17¾	17¼	17¾	+ ½
SHL Sys		1235	15⅞	15⅜	15⅞	+ ⅛
SKFAB1.73e	8	66	40⅜	40¼	40¼	− ⅞
Safecrd		9 1938	7¾	7½	7¾	+ ⅛
Safecos .96		7 1369	24¼	23¾	24	
SagHbr		28	15	14¼	15	+ 1
Sahlen		1958	2⅜	2 3-16	2 5-16	
StJude	17	464	32⅝	32	32¼	− ¼
StPaulB .30		837	10½	10¼	10¼	− ⅛
StPauls 2		6 1806	42	41¼	41¾	
Salick	20	144	14⅛	13⅝	13⅝	− ⅜
SFFdl	4	42	13	12¾	12¾	− ⅛
Sanfrd	17	147	35½	34⅞	35¼	− ¼
Scantr	18	65	15½	15	15	− ½
Scherer .36	16	92	17⅜	17	17⅛	− ⅛
TCF		274	10⅛	9¾	9¾	− ¼
TPI En		148	5¾	5⅝	5¾	
Tandon		6 1407	2 11-16	2 9-16	2⅝	
Taunton.24e	12	21	15⅞	15⅞	15⅞	
TchDta	18	8	15¼	15¼	15¼	− ¼
Tecum3.20a	11	1	151	151	151	+ 1½
TlcmAs		625 2867	25⅛	24¾	25	
Telecrd .28	30	250	37¼	36¾	37¼	+ ½
Telmatc		21 3304	9¼	8⅞	9¼	+ ¼
Telabs	16	533	14¼	13¾	13¾	− ½
Telxon .01i	20	293	20½	20¼	20¼	
Tennant .96	17	639	32¾	31¾	31¾	− ¼
Teradta		69 279	18⅝	18¼	18⅝	+ ⅛
3Com		25 1856	20	19¾	19⅞	+ ⅛
TokioFs .24		17	85¾	85⅝	85¾	+ ¾
Toppss .37e	8	81	15¾	15⅜	15⅜	− ⅜
Tradind	8	176	15	14½	14¾	− ¼
TWApf		100	26½	26	26½	+ ¼
TrnMus	17	42	20¾	20¼	20¼	− ¼
Trnwck.04e		10 1735	11⅞	11⅞	11⅞	
TriadSy	15	59	10⅞	10⅞	10⅞	− ⅛
Trimed	67	310	14	13¾	14	− ¼
TrusJos .36	11	28	21¼	20½	21¼	+ ¾
Tsrtcp 1.40	7	29	23	22⅞	22⅞	
20Cntn .36	12	138	16⅞	16¾	16¾	− ⅛
TycoTy		8 1574	14¼	13¾	14	− ⅜
Tyson .04		14 1271	15⅞	15⅜	15⅝	− ¼
WillyJA 1.10		31	38	37½	38	− 1½
Willamt1.20		9 1048	48¾	48¼	48⅝	− ⅛
WillAL	8	431	14¾	14	14¾	+ ⅝
WlSFS .15e	10	33	10½	10	10½	
WilmTr .84	12	98	29½	29	29½	
WilsnF	23	672	12½	12	12	− ⅜
Windmr	11	713	18⅝	18⅛	18¼	− ¼
WiserO .40	54	14	18	17½	17¾	
Wolohn .24	10	258	15⅞	15¼	15⅜	− ¼
WolvEx		37	12¼	12⅛	12⅛	− ⅛
vjWOW		305	1⅛	1	1	
Worthg .40	16	937	20¼	19¾	19⅞	− ⅜
Wyman .80	14	443	16½	16¼	16¼	− ¼
Wyse		11 1430	19¾	19¼	19¼	− ⅜
X Y Z						
XL Dta	37	178	22¾	22¼	22¼	
XOMA		1571	10¼	9½	9½	− ½
X-Rite .08	16	49	24½	23¾	23¾	
Xicor		20 2147	9⅛	8⅞	8⅞	
Xidex		4550	6	5⅝	5⅝	− ⅜
Xylogic	9	12	11	11	11	+ ¼
Xyvsn		1389	5¾	5⅜	5½	
YlowFs .62		16 1653	25¾	25½	25⅝	+ ⅛
ZionUt 1.44		15	26	25¼	25¼	− 1
Zondvn	38	748	10⅛	9⅞	10⅛	+ ⅛

Stock		Sales (Hnds)	High	Low	Last	Chng
U U						
[illegible]X		109	5¼	5¼	5¼	− ⅛
[illegible]	13	285	8⅞	8⅝	8⅝	− ⅛
[illegible]c 1	10	13	34¼	34¼	34¼	− ¼
[illegible]nn	33	105	12	12	12	
[illegible]	11	553	23⅜	23⅛	23¼	− ⅛
[illegible]df 1.36	10	64	31¾	31¼	31⅜	− ⅜
[illegible]ntr .72	16	100	26	26	26	− ½
[illegible]m .04	47	115	30¼	29½	30	− ¼
[illegible]pl		172	15⅞	15⅜	15½	− ¼
[illegible]Ss		14 9407	12	11½	11⅝	− ⅜
[illegible]Cr		21	4⅝	4½	4½	− ⅛
[illegible]vrs .72	5	31	18	17¾	17¾	− ½
[illegible]p 1	9	154	23¼	23	23⅛	− ⅛
[illegible] HltC .16		174	7⅝	7½	7½	− ⅛
[illegible]st 1.16	14	119	46	45¾	46	
[illegible]tn .28	17	385	20¼	20	20¼	+ ¼
[illegible]lev	39	59	27¾	27½	27½	
[illegible]Fr .12	12	13	14¾	14¾	14¾	− ½
[illegible]lt		188 553	5¾	5⅝	5⅝	
[illegible]Svg .40	78	274	21⅞	21⅝	21⅞	
V V						
[illegible]ad 1e	4	417	14	13½	13¾	− ¼
[illegible]	41	1907	9⅜	9	9	
[illegible] Slt	27	197	14	13¾	14	
[illegible] .80	13	16	22	21½	21½	− ¼
[illegible]Lg		281 8435	6	5⅝	5⅝	− ¼
[illegible]SL	7	71	15¾	15½	15¾	+ ½
[illegible]d 1.44		909	23¾	23¼	23½	+ ⅛
[illegible]CI		429	24¼	23¾	23⅞	− ⅛
[illegible]S .10e	6	52	10¼	10	10⅛	+ ⅛
[illegible]m		157	18¾	18¼	18½	
[illegible]n .60	12	53	18⅝	18½	18½	− ¾

INDICES

NEW YORK

DOW JONES

CANADA

NEW YORK ACTIVE STOCKS

CHIEF LONDON PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Aurora	113	+ 7
GPG	80	+ 5
Harris Queensway	171	+ 46
Hestair	317	+ 9
Laporte	410	+ 15
Lloyds Bank	275	+ 7
London United	174	+ 10
Low & Bonar	246	+ 8
Lynton	427	+ 12
Metal Box	218	+ 8
Midland Bank	393	+ 8
NatWest Bank	538	+ 12
Racal Elec.	318	+ 8
Wellcome	478½	+ 23½
FALLS		
Cadbury Schweppes	323	− 7
Land Securities	556	− 11
Robinson (Thos.)	403	− 16

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
25⅝	14	AAR s	.36	1.5	20	41	24½	24	24	−½
27	10½	AGS s			14	424	18	17¾	18	
7⅞	3¼	AMCA			15	3⅛	d	3⅛	3⅛	−⅛
8⅝	3¼	AM Intl				97	4	3⅞	3⅞	
65½	26¾	AMR			11	7306	45¾	44⅞	45	−⅝
27¼	24⅞	ANR pf 2.67		10.		11	26⅝	26¼	26⅝	+⅛
12¼	6⅝	ARX			11	x226	8½	8¼	8⅜	+⅜
72⅞	40⅝	ASA	3	6.9		504	43¼	42¾	43¼	+⅝
22¾	9½	AVX			13	153	17⅞	17¾	17¾	−¼
66⅝	40	AbtLab 1.20		2.7	16	3937	45⅝	45	45⅛	−½
28	15⅝	Abitibi g 1				23	17½	17⅜	17½	
16¾	8½	AcmeC .40		3.3		93	12⅛	11⅞	12	+⅛
10½	6⅝	AcmeE .32b		4.5	19	10	7¼	7⅛	7⅛	
20	14⅛	AdaEx 3.05e		20.		233	15⅝	15⅜	15⅜	−⅛
19¼	8⅞	AdamMl .24		1.5	13	3111	16⅞	16¼	16¼	−½
24⅞	7½	AMD				4707	14⅞	13⅞	14½	
56¾	29¼	AMD pf 3		7.5		362	39⅞	39¼	39¾	
11⅞	4⅝	Adobe			12	101	7¾	7½	7¾	+⅛
21¾	17½	Adob pf 2.40		11.		23	21⅛	20⅞	20⅞	−⅛
14⅝	6⅛	Advest .12a		1.7	7	24	6⅞	6⅞	6⅞	
64¼	41	AetnLf 2.76		6.7	6	2827	41⅜	d40⅝	41⅜	−⅛
83½	41	AffilPub .40		.7	33	410	57½	56¾	57½	+¼
23¾	13	Ahmans .88		6.2	10	2526	14⅝	14⅛	14¼	
4⅞	1¾	Aileen				164	3⅝	3½	3½	
53⅞	29	AirPrd 1		2.0	14	2018	49⅝	49½	49¼	−⅛
38	11⅛	AirbFrt .60		3.4	24	105	18	17⅝	17⅝	−⅛
16½	6¾	Airgas			16	60	12¼	12	12¼	+⅛
19¾	13½	Airlease 2.30		12.	10	15	18⅝	18½	18⅝	+⅛
10¼	7⅝	AlaP dpf.87		9.6		43	9¼	9⅛	9⅛	−⅛
103	86½	AlaP pf 9.44		10.		z210	94½	94½	94½	−½
90½	77	AlaP pf 8.28		9.7		z200	85	85	85	+1
24	12¼	AlskAir .16		.8	17	615	19⅛	18⅞	19	−⅛
38	14¾	Alberto .30		.9	19	100	31¾	31⅝	31¾	+½
28¼	12⅝	AlbCulA .30		1.3	15	22	23⅞	23¾	23⅞	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 45

NYSE COMPOSITE CLOSING PRICES

Continued from Page 44

[illegible]

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23⅝	9	WolvTc .20		.9	20	76	25	22⅞	22⅞	
13¾	7½	WolvrWtlSe		.3	13	97	12	11¾	11⅞	
60¾	29½	Wolwth1.84		2.8	15	8410	58¼	57⅜	57¾	[illegible]
9⅝	5	WrldCp				16	6⅝	6⅜	6⅝	+ ⅛
19½	10⅝	WrldVl				54	14¾	14⅝	14⅝	− ⅛
41¼	19½	Wrigly s .64		1.8	19	289	36	35	35¾	+ ¼
2⅞	¾	Wurlch				26	1	1	1	
17½	7	WyleL s .28		3.1	16	241	9⅛	9	9	− ⅛
30⅝	14½	Wynns .60		3.0	50	892	20¼	20⅛	20⅛	− ¼
		X Y Z								
65	50	Xerox	3	5.6	10	2508	54⅜	52¾	53⅛	[illegible]
50¾	48¾	Xerox pf4.13		8.4		400	49	49	49	+ ⅛
35¾	19⅞	XTRA .64		2.0	16	166	31¾	31⅜	31⅜	− ⅜
47¼	17½	Yorkln			15	902	u47½	47	47½	+ ¼
7¼	2¼	Zapata				122	3¼	3⅛	3⅛	
37	13½	Zayre .40		1.6	12	7355	24⅞	24	24¼	− ¾
16⅛	8¾	Zemex .40		2.9	18	55	13⅞	13¾	13⅞	− ⅛
33⅝	10	ZenithE				3853	22⅞	21¼	22½	+ ¾
10¾	10	Zenln n				275	10⅛	10	10⅛	
11½	1	vjZenLb				5120	1⅝	1	1⅝	+ ¼
24	13½	ZenNtl .80		3.6	10	186	22⅝	22¼	22½	+ ¼
20⅝	11⅝	Zero .36		2.6	14	101	14¼	14	14	− ⅜
30¾	15	Zurnln s .68		3.3	14	250	20⅞	20⅝	20⅝	
10⅝	7⅝	Zweig 1.34e		13.		812	10⅜	10¼	10¼	− ⅛
		U U U								
24⅞	11¾	UDC	2.20	12.	6	270	18⅝	17¼	18½	+ ⅞
113	100	UDC pf				1	110	110	110	+ 1
30	21¾	UGI	2.14	7.5	9	635	28⅞	28⅜	28⅝	
13¾	4½	UNCInc.01e		.1	18	1359	11⅛	10½	11	+ ¼
27⅞	15⅜	UNUM .48		2.3	11	1087	21¼	21	21⅛	− ⅛
45¼	26¼	USFG 2.84		8.7	7	2436	30⅝	29⅞	30⅝	+ ¼
55¾	41¼	USFG pf4.10		9.3		52	44½	44	44	− ½
55⅞	23½	USG	1.12b	2.4	15	7501	46	45½	45¾	− ½

[illegible]

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

Stock	Div	P/E	Sls 100s	High	Low	Close	Chnge
AT&E			126	10¼	10	10	− ⅜
ATTFd2.04e			108	37¼	36¾	37	− ¼
Acmons		3	35	15	14¾	14¾	
AirExp		12	339	18¾	17¾	18½	+ ½
Altins			45	3¾	3⅝	3¾	
Alphaln			29	4⅛	4	4	
Alza		51	2237	22⅞	22¼	22⅞	− ⅛
Amdahl	.20	14	3577	42⅞	41¾	42⅞	+ ⅝
AIsrael	.32e	6	6	15½	15⅜	15½	+ ⅜
AMzeA	.52	8	92	15½	15⅛	15⅛	− ⅜
AMzeB	.52	7	40	15	14½	14½	− ½
AMBld			38	1⅝	1⅝	1⅝	
APetl	1.50e	10	28	71¼	70½	71¼	+ ½
APrec	.20	34	3	14¾	14⅝	14¾	
AScIE		163	62	3⅜	3	3¼	+ ¼
Ampal	.06	4	32	2⅛	2	2⅛	
Andal			6	6½	6⅜	6½	
AndJcb			55	1⅞	1¾	1⅞	− ⅛
Asmrg	.20		599	9⅝	9¼	9¼	+ ⅛
Astrotc			487	5-16	¼	¼	− 1-16
Atari		11	2949	8½	7⅞	8½	+ ½
AtlsCM			35	1¼	1⅛	1¼	
Atlasrwt			30	11⅛	11	11⅛	− ⅛
			B B				
BAT	.33e	10	219	7⅝	7 9-16	7⅝	+ 1-16
Banstrg			21	7⅞	7⅞	7⅞	
BaryRG		10	58	6	5⅞	5⅞	− ⅛
Baruch			7	6½	5⅜	5⅜	
BergBr	.32	14	380	28	27½	27½	− ½

[illegible]

OVER-THE-COUNTER *Nasdaq national market, closing prices*

[illegible]

Continued on Page 43

AMERICA

Dow falls further as market awaits employment data

Wall Street

AMID slow, nervous trading, Wall Street stocks continued their downward path yesterday as the dollar weakened and bonds became firm, *writes Deborah Hargreaves in New York.*

Many investors looked warily on as the market fell amid nervousness about today's release of April employment figures. Wall Street estimates pitched the rise in the employment figures anywhere between 270,000 and 350,000, an expected jump from the 262,000 increase reported for March. This added fuel to inflation fears and kept many cautious investors out of the market yesterday.

Traders reported patchy trading with the market's decline propelled by the discount between stock index futures in Chicago and the New York cash market. This triggered off stock index arbitrage programmes, where traders buy in Chicago and sell in New York.

Nicholas Brady, chairman of the presidential panel set up to study the October market crash, repeated concerns that little has been done to make necessary changes in the financial markets. In a letter to a working group of financial regulators due to make their recommendations to President Reagan on May 18, Mr Brady called on Congress to "get on with" market legislation.

Manuel Johnson, Federal Reserve Board vice chairman, said in a speech yesterday that the US deficit was improving, but that it would take some time to achieve a substantial reduction. The current account trade deficit would probably continue to rise for several years, he said, but at a slower rate.

The Dow Jones Industrial Average dropped 16.08 points to close at 2,020.23 and broader market indices followed suit with the Standard & Poors 500 stock index off 1.54 points to 258.78 and the New York Stock Exchange Composite down 0.79 to 146.51.

Volume picked up to a moderate 171.8m shares, partly on the back of several large block trades in one or two dividend stocks, with 903 declining issues leading 558 advancing ones.

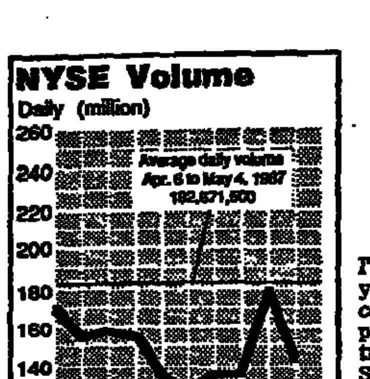
Takeover stocks and companies reporting strong first quarter earnings continued to attract much activity, as did dividend plays in General Motors, which fell $\frac{1}{4}$ to 75\frac{3}{4}$. Texaco rose 1\frac{1}{8}$ to 51\frac{1}{8}$ after reports that Carl Icahn, the company's biggest shareholder with a 14.8 per cent stake, was likely to offer $55 to $60 a share for the oil giant. Earlier this week, Texaco filed a lawsuit against Mr Icahn.

Kraft jumped 1\frac{1}{8}$ to 53\frac{1}{8}$ after the company agreed to sell its Duracell battery division to Kohlberg Kravis Roberts for $1.8bn. The company also announced plans to repurchase up to 12m shares.

KaiserTech, the aluminium company, leaped 2\frac{3}{4}$ to 17\frac{7}{8}$ after the company said it would consider acquisition proposals, including an expected leverage buy-out offer from a management group.

Montedison, the chemical concern, gained $\frac{1}{8}$ to 13\frac{1}{8}$ after Dow Chemical, which has acquired a 4 to 5 per cent stake in the firm, said it had filed for approval to buy more shares. Dow was off $\frac{1}{8}$ to $84.

Loews Corp, the diversifed insurance and tobacco group, fell $\frac{1}{8}$ to 67$\frac{7}{8}$ after reporting its first quarter earnings. Retail companies put in a mixed performance on April sales reports. Sears was off $\frac{1}{8}$ at 35\frac{1}{4}$ after its sales rose 4.8 per cent, K mart dropped $\frac{3}{8}$ to 33\frac{1}{4}$ on a sales rise of 2.5 per cent and J.C. Penney was up $\frac{1}{8}$ to 46\frac{1}{8}$ after its sales dropped 0.4 per cent.



Like the stock market, the credit market kept an eye on today's employment figures and firmed amid a small shortcovering rally. Any rise in the employment totals is likely to push bonds down again today as the market continues its concern about inflation. The Treasury bond market is also looking ahead to next week's refunding, when the Treasury Department plans to sell $26bn of new issues.

The benchmark long bond was up by $\frac{1}{32}$ yesterday to 97$\frac{11}{32}$ with a yield of 9.1 per cent. The Fed funds rate was back to 6$\frac{11}{16}$ per cent after a drop late on Wednesday.

Canada

Stocks declined sharply in active trading. Gold, industrial and metals issues led the downward trend.

The composite index fell 19.58 to 3315.96 as declines outweighed advances 462 to 316 on a heavy volume of 29.3m shares.

Stock analyst Joseph Ismail, of Walwyn Stodgell Cochran Murray, said much of the market's heavy volume was the result of trading in Laidlaw shares. Laidlaw's chairman said he was considering the private sale of his control block of 50.5 per cent of the company's class A voting shares.

Earlier, he had said any sale would include the company's class B non-voting shares. The class B shares fell C2\frac{7}{8}$ to C17\frac{7}{8}$. The A stock fell C$3$\frac{1}{4}$ to C20\frac{7}{8}$.

EUROPE

Montedison leads Milan higher in thin turnover

ITALIAN shares were boosted yesterday by developments in the corporate sector, but most European bourses ended lower in thin trading amid anxiety over Wall Street's overnight setback, *writes Our Markets Staff.*

MILAN gained ground on continued speculation about chemicals group Montedison, although volumes stayed at their recent low levels.

The MIB index rose 8 to 1,041, with turnover estimated at about L100bn. Sentiment was helped by news from the Government late on Wednesday that it did not expect to impose capital gains tax on share dealings in the short-term.

Montedison rose L53, or 3.5 per cent, to L1,553 on speculation that Dow Chemical of the US was building a stake. Dow, which is thought to have boosted its holding as high as 5 per cent, has notified the US authorities of its wish to increase its stake further.

Montedison was also helped by news that it is close to a joint venture agreement with state-owned chemical group Enichem.

Pirelli continued its upward climb, adding L150, or 5.2 per cent, to close at L2,825, although much of the gain was registered in after hours dealings the previous day.

Buitoni closed L220 higher at L8,825, and then rose after hours to L9,120 – a gain of 6 per cent – on news of a revised offer from Nestlé of Switzerland.

PARIS ran into a round of profit-taking by foreign and local investors, particularly in the speculative stocks, which left share prices lower with three days to go before Sunday's presidential election.

The Indicateur de Tendance fell 1.1 to 113, with sentiment undermined by Wall Street's retreat. The CAC General index, based on opening prices, rose 1.1 to 314.3.

Drinks group Pernod Ricard, this week's outperformer among the speculative shares, closed down FFr51 at its day's low of FFr910 in active trading. Cie du Midi, which is to seek shareholders' approval of its planned insurance merger with Axa at a meeting on June 22, lost FFr30 to FFr1,750.

However, Navigation Mixte, which has benefited from the speculative activity in the insurance sector, was FFr17 higher at FFr1,030, although down from a day's high of FFr1,075.

FRANKFURT saw another quiet day in spite of positive corporate news from leading companies, and the FAZ index eased 0.43 to 443.87 in continuing low volume.

"There's a complete lack of interest, particularly from foreigners, meaning the market is not so interested in good results. It only moves on bad news," said one analyst.

Chemicals group Hoechst, which reported sharply improved first quarter earnings on Wednesday, lost DM4.60 to DM251.20. Mannesmann, which announced a steady dividend and slightly higher parent company profits, lost DM4 to DM138.50.

Engineering and chemicals concern Feldmuehle Nobel said it was leaving its dividend unchanged and shed DM6 to DM275.50, while car-maker BMW, which reported a steady dividend and higher parent company profits, dropped DM16 to DM596.

Bonds fell, with the federal 6$\frac{1}{4}$ per cent 1998 bond yielding 6.50 per cent after 6.49 per cent.

ZURICH was discouraged by the overnight drop on Wall Street, and prices fell across the board.

Insurance group Winterthur bearer lost SFr125 to SFr5,025 after announcing the purchase of all shares of Southern Guaranty Insurance of Alabama and its Georgia subsidiary.

Chocolate makers Jacobs Suchard and Nestlé each disclosed increased stakes in Rowntree of the UK. Suchard, which said it owned 25.4 per cent, saw its bearer fall SFr200 to SFr7,275, while bearers of Nestlé, which claimed 7.1 per cent, lost SFr50 to SFr8,275. Crédit Agricole, the French farm bank, said it had dropped its legal opposition to Nestlé's acquisition of French-listed Buitoni SA.

Bank Leu, the country's fifth largest bank, defied the market trend, gaining SFr15 to SFr3,090. It said it planned a holding company venture with Bank Zurich.

BRUSSELS closed mixed to easier after an uneventful day's trade. The market was exceptionally quiet for the first day of a fortnight's trading period.

A rush of coupon payments initially pulled shares down and the negative mood was reinforced by caution after Wall Street's overnight fall and fears of a rise in US interest rates. The forward market index slipped 10.2 to 4,568.07.

Blue chip Petrofina was the most active stock by far, losing BFr50 to BFr11,200 on volume of 12,960 shares.

Zinc smelter and producer Vieille Montagne lost BFr10 to BFr8,100. It announced a rise in 1987 losses to BFr3.08bn from BFr646m, but said it expected at least to break even in 1988.

AMSTERDAM was depressed by the lower overnight close on Wall Street and by the absence of many dealers because of the Liberation Day celebrations. The ANP-CBS index eased 1.5 to 245.4.

Sentiment was also hit by the lower dollar and the wait for US unemployment figures for March, due today. Turnover reached Fl 224m against Fl 189m on Wednesday.

MADRID ended mixed with the general index unchanged at 273.32.

London

CHOCOLATE maker Rowntree saw the most activity in an otherwise quiet market as Swiss confectioner Jacobs Suchard declared an increased stake in the company.

The FT-SE 100 index lost 5.2 to 1,789.5.

PERFORMANCE OF ANP-CBS INDICES

INDEX	Sept 30 '87	Dec 30 '87	May 4 '88	% rise this year
General	311.2	208.7	246.8	18%
Internationale	341.7	236.3	265.1	12%
Industrials	259.2	190.4	282.8	26%
Domestics	283.9	183.5	230.1	26%

Bid talk keeps Dutch bourse on its toes

BY LAURA RAUN IN AMSTERDAM

TAKEOVER fever has fuelled a respectable recovery on the Amsterdam stock exchange this year and could enliven the market for the second summer in a row.

The market's ANP-CBS General index has climbed about 18 per cent since the beginning of the year, performing reasonably well in comparison with other European bourses, and more than half of last autumn's historic losses have been erased.

The latest takeover came this week when Wegener, a small Dutch publisher of regional newspapers, said it planned to acquire Koninklijke Tijl, a smaller rival.

It was about a year ago that Elsevier, the country's second largest publisher, launched its unprecedented hostile bid for Kluwer, a medium-sized competitor. Elsevier lost the battle and Kluwer went to Wolters Samsom but the way was paved for further unfriendly bids.

In the past month a spate of shares have jumped on takeover talk. They include Amev, the insurer, Nijverdal-Ten Cate, the textiles group, Bols, the distiller, Nedlloyd, the shipping and transport group, and Gist-Brocades, the biotechnology company.

"Takeover rumours are the tangible effect of expectations for 1992," said Mr Frank Hoogendijk, a securities analyst for Pierson, Heldring & Pierson. "Consolidation is needed if Dutch companies want to be the service companies for Europe."

Speculation is also being fed by the Amsterdam stock exchange's move to dismantle overly protective anti-takeover defences. Listed companies often ensconce themselves in layers of defences and they are preparing for a battle with the bourse. This week 20 big companies formed a group to lobby for corporate legislation which they regard as favourable.

The coming summer months, known for their traditional doldrums as "cucumber time", are unlikely to produce dramatic gains on the bourse, with uncertainties over the dollar, the US trade deficit and interest rates putting a dampener on things.

But merger and acquisition activity could create some excitement in a market that is fundamentally sound, analysts say. Corporate earnings were healthy in 1987 and this year looks better than had been expected shortly after the October crash.

Companies will benefit from lower corporate taxes and welfare premiums, low import prices due to the strong guilder and modest wage rises. And price-to-earnings ratios are low even by the modest standards traditionally seen on the Amsterdam bourse, with ratios of around six commonplace.

On the other hand, Dutch consumers remain tight-fisted with their disposable incomes. Moreover, the investment subsidy for businesses is being scrapped and interest rates could edge up.

This may cloud the domestic outlook, but analysts tend to be more optimistic about companies oriented towards the home market than about the exporters. Big international concerns such as Philips are suffering from the cheap dollar.

Small domestic companies have been drawing more attention from foreigners than from local investors, according to Mr Fokko Tuin, chief of securities analysis for Kempen & Co. "Foreigners have more guts."

These smaller concerns will see more mergers and acquisitions in preparation for the single European market in 1992. They must swallow each other or be swallowed by bigger fish.

Mr Tuin believes the paper, transport and trading sectors are ripe for more concentration. Among paper and board companies, Bührmann-Tetterode and Royal Dutch Paper Mills have built up solid earnings records in recent years. In the transport sector, Nedlloyd remains a favourite target of takeover rumours.

Trading houses such as Borsumij-Whery are also seen as excellent launch pads for pan-European distributors.

ASIA

Tokyo seers make bullish forecasts

TOKYO share prices are expected to continue climbing in the near future, with many bullish Japanese analysts forecasting that the Nikkei average will reach 30,000 later this year, *writes Shigeo Nishiwaki of Jiji Press.*

The Tokyo market has made a spectacular recovery since last autumn's crash, with the Nikkei index setting all-time records in April and early May. It sits currently at a record high of 27,670, 7.5 per cent higher than its level just before Tokyo equities crashed on October 20.

Local institutions are united in the belief that Japanese equities offer the best investment option, says Mr Hideo Nakanishi, director and general manager of Sumitomo Trust and Banking's securities investment department.

Government bonds offer the same return as short-term equity investments and therefore have no attraction, he says. And US federal 30-year bonds, now yielding about 9 per cent, carry the risk of exchange rate losses.

Strategist Mr Morihiko Ida, executive director of Morgan Stanley International's Tokyo branch, is one of the market's most sanguine seers, predicting the Nikkei average will reach the 35,600 range by September. His argument is based on the expectation that last month's abolition of tax breaks for small investors' savings accounts will lead to greater investment in stocks.

Mr Akio Yamamoto, senior managing director of Nomura Securities Investment Trust, forecasts a rise to the 30,000 to 31,000 range between June and August, but remains concerned at the speed of recovery in the business climate.

Meanwhile, Nippon Life Insurance director Mr Kanji Kobayashi expects the Nikkei average to approach 30,000, but expects a downturn later in the year.

If Japan's relatively strong savings are diverted into spending, the economy will expand overall and equities will become a more attractive investment, says Mr Fujio Ikezoe, director of Baring International Investment Management (Japan). Overhanging this, however, is the possibility that the US economy may lose impetus next year, he cautions.

Bullish forecasts dominate, but Mr Peter Tasker, general manager of research at Kleinwort Benson International's Tokyo branch, adopts a more moderate outlook. May to June will be the *shonenba*, or crucial point, for the Tokyo market, he says.

Share movements could depend on the reaction of the Bank of Japan to first-quarter gross national product statistics, due in the middle of next month, he says. If the Bank moves to push short-term interest rates higher, he expects share prices to drop after a short time lag, probably from the beginning of autumn. If there is no change in the Bank's policy, however, the Nikkei average should rise to the 29,000 range this year.

Tokyo was closed for a holiday.

Hong Kong

THE speculative pressure went out of Hong Kong with a bang as the Hang Seng index dropped 63.21, or 2.4 per cent, to 2,577.92 on news that Jardine Strategic was strengthening its control of property group Hongkong Land.

Hongkong Land has long been the subject of takeover rumours, which have boosted the wider market, but Jardine's purchase of a further 8 per cent stake from Cheung Kong, New World Development, Henderson Land and China's Citic scuppers hostile bid prospects by boosting the Jardine holding to 33 per cent.

Trading in Hongkong Land was suspended at HK$8.90, just below the HK$8.95 paid by Jardine. Jardine Strategic and parent Jardine Matheson were also suspended at HK$10 and HK$13.

Properties, which led the market up sharply on Wednesday, were worst hit in the downturn, with Cheung Kong losing 30 cents to HK$7.35, New World 40 cents to HK$10.60 and Henderson Land 20 cents to HK$5.45.

Hang Lung lost 25 cents to HK$5.25 after news of problems at Parry Corp of Australia, in which it has a 15 per cent stake.

The broadly based Hong Kong index fell 40.62 to 1,704.47 as turnover fell back slightly to HK$1.27bn.

Australia

THE strength of the Australian dollar early in the day hit resource stocks, helping to take the market lower overall, with the All Ordinaries index losing 17.5 to 1,426.3.

Leading resource issue CRA lost 18 cents to A$6.82 and Western Mining 24 cents to A$4.92, with 2.9m shares traded. In golds Renison Goldfields fell 10 cents to A$7.50 and Emperor shed 15 cents to A$3.10.

Media stock Qintex Australia, which reported a more than five-fold increase in interim profits, lost 5 cents to A$2.05.

The Bell Group was steady at A$1.70 and Bell Resources lost 1 cent to A$1.73.

Singapore

HOTEL and property stocks, boosted by interest in takeover target Marco Polo, led Singapore higher.

The Straits Times industrial index gained 3.1 to 975.78 in turnover that picked up late in the day after a sluggish start. Hotel stock Marco Polo, which accounted for 4m of the total volume of 27.4m shares, gained 1 cent to S$1.17.

SOUTH AFRICA

THE HIGHER bullion price and weaker rand gave a boost to gold shares in Johannesburg after recent continuous falls, and the market ended generally higher.

Trading was quiet ahead of today's market holiday.

Randfontein rose R5 to R205, Beatrix found 75 cents to R11.75 and Anglo American Gold added R1 to R237. In diamonds, De Beers put on R1.50 to R33.75.

FT – ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY MAY 5 1988					WEDNESDAY MAY 4 1988			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988 High	1988 Low	Year ago (approx)
Australia (88)	120.70	−1.5	95.85	104.72	4.15	122.50	97.41	106.22	122.50	91.16	136.16
Austria (16)	91.27	+0.0	72.47	79.54	2.63	91.24	72.55	79.61	98.18	84.35	92.15
Belgium (65)	128.11	+0.1	101.73	111.68	4.47	127.95	101.74	111.54	139.89	99.14	120.53
Canada (125)	121.96	−0.6	96.85	108.94	3.06	122.66	97.53	109.78	125.49	107.06	129.63
Denmark (39)	119.14	−0.1	94.61	104.80	2.75	119.30	94.86	104.90	123.36	111.42	117.34
Finland (25)	128.35	+0.5	101.92	107.85	1.95	127.73	101.57	107.54	128.72	106.78	–
France (121)	89.08	−0.6	70.74	79.85	4.00	89.62	71.26	80.20	90.19	72.77	121.82
West Germany (99)	76.03	−0.1	60.38	66.37	2.77	76.10	60.52	66.47	80.79	67.78	95.42
Hong Kong (46)	102.96	−2.3	81.76	103.23	4.42	105.36	83.78	105.76	105.83	84.90	110.44
Ireland (18)	122.86	+0.2	97.57	108.95	4.24	122.63	97.51	108.71	123.91	104.60	127.24
Italy (102)	75.36	+0.4	59.84	70.60	2.67	75.07	59.70	70.08	81.74	62.99	108.83
Japan (457)	176.70	+0.3	140.32	139.17	0.51	176.13	140.05	139.17	177.27	133.61	158.89
Malaysia (36)	133.24	+0.2	105.80	132.54	2.73	133.00	105.76	132.19	133.24	107.83	152.35
Mexico (14)	123.85	−0.5	98.35	309.97	1.15	124.47	98.97	310.27	176.90	90.07	197.27
Netherland (38)	107.50	−0.7	85.36	92.39	5.01	108.22	86.06	93.01	110.66	95.23	117.08
New Zealand (22)	77.55	−1.3	61.58	60.22	5.46	78.58	62.49	60.63	79.15	64.42	94.97
Norway (25)	124.54	−0.9	98.89	104.12	2.91	125.65	99.91	105.27	132.23	98.55	127.96
Singapore (26)	112.72	+0.4	89.51	104.04	2.40	112.26	89.26	103.70	114.93	97.99	126.93
South Africa (60)	124.63	+3.2	98.97	79.20	5.30	120.76	96.02	77.65	139.07	118.16	176.67
Spain (42)	151.35	−0.2	120.19	127.39	3.35	151.61	120.56	127.49	155.36	130.73	103.95
Sweden (38)	121.70	−1.5	96.64	105.89	2.67	123.60	98.28	107.63	124.75	96.92	124.02
Switzerland (56)	77.93	−1.4	61.88	67.59	2.53	79.03	62.84	68.57	86.75	76.22	99.95
United Kingdom (329)	138.76	−0.1	110.19	110.19	4.35	138.86	110.42	110.42	141.18	123.09	140.93
USA (582)	105.38	−0.6	83.68	105.38	3.68	106.00	84.29	106.00	110.51	99.19	120.75
Europe (1013)	108.53	−0.2	86.18	91.14	3.84	108.76	86.48	91.36	110.71	97.01	120.20
Pacific Basin (675)	171.60	+0.2	136.27	136.34	0.69	171.21	136.14	136.44	172.26	130.81	156.17
Euro-Pacific (1688)	146.37	+0.1	116.23	118.40	1.64	146.23	116.28	118.55	147.53	120.36	141.82
North America (707)	106.26	−0.6	84.38	105.61	3.64	106.89	85.00	106.25	111.28	99.78	121.22
Europe Ex. UK (684)	89.81	−0.3	71.32	79.17	3.37	90.11	71.65	79.38	92.81	80.27	107.35
Pacific Ex. Japan (218)	110.13	−1.6	87.46	99.88	4.19	111.90	88.98	101.45	111.90	87.51	123.13
World Ex. US (1887)	145.30	+0.1	115.38	117.77	1.71	145.15	115.42	117.92	146.49	120.26	141.80
World Ex. UK (2140)	129.05	−0.1	102.48	113.88	2.10	129.20	102.74	114.19	130.28	111.77	132.86
World Ex. So. Af. (2409)	129.93	−0.1	103.18	113.76	2.30	130.10	103.45	114.08	130.96	113.26	133.29
World Ex. Japan (2012)	107.43	−0.5	85.31	100.15	3.75	107.92	85.82	100.64	110.99	100.00	121.54
The World Index (2469)	129.90	−0.1	103.15	113.51	2.32	130.05	103.41	113.82	130.92	113.37	133.57

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local).

Japanese market closed May 5.

SECTION III

FINANCIAL TIMES

SURVEY

Once it was Britain's industrial heartland. Now the Black Country's four boroughs have joined forces to overcome the hardships produced by the decline of its economic base and restore its image. **Richard Tomkins**, Midlands Correspondent, reports

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□ *Picture shows precision components being made at Cradley Castings in Halesowen*

The Black Country

Visible signs of recovery

THE BLACK COUNTRY is shrouded, if no longer by the smoke that gave it its name, then certainly still in mystery. Even those who live within it are sometimes hard pressed to define what it is: and those who live without are hard pressed just to find it.

Such a low profile ill becomes the area that served as a cradle for Britain's Industrial Revolution and grew to become one of the nation's prime manufacturing powerhouses. Yet it is confirmed by a Gallup poll just commissioned by the four Black Country boroughs.

Of 2,000 people interviewed across the UK, some 72 per cent said they had heard of the Black Country, but only 40 per cent could correctly place it in the West Midlands. Most of the rest thought it was something to do with the Potteries: and that wherever and whatever it was, it was grim.

This might matter very little were it not for the fact that the Black Country has suddenly become acutely conscious of its image. People there are fed up with being told that they live in a depressed industrial area. They are not depressed at all: they are proud, optimistic and increasingly confident, and they want the world to know it. But first, the world has to know where they are.

So what is the Black Country, and why is it so difficult to define? Lying roughly between Birmingham and Wolverhampton – but emphatically excluding Birmingham, with which it has little affinity – it is an agglomeration of scores of towns and villages welded together into an industrial hinterland with a population of around 1m.

Originally a sparsely populated and isolated part of England, it owes its emergence as a centre of manufacturing industry to the presence of the rich coal seams of the South Staffordshire coalfield and their associated deposits of iron and limestone – all of them ingredients crucial to the birth of the Industrial Revolution.

In its early days, the Black Country's role was as a supplier of coal and iron to the neighbouring manufacturing centres of Birmingham, Walsall and Wolverhampton. It was then still then a relatively isolated mining community confined mainly to an area within about five miles of Dudley.

But as the mining and iron smelting activities grew, so did other manufacturing industries related to them. These spread their tentacles into neighbouring towns and villages, with certain crafts becoming associated with certain areas: locks with Willenhall, for example, chains with Netherton, nails with Cradley and saddlery with Walsall.

Infilling between the towns and villages, and between the original coalfield area and neighbouring towns, blurred the boundaries of the Black Country. *Today the outsider commonly* regards it as just another name for the seamless industrial mass of the West Midlands.

Yet if the Black Country has no geographical or political boundaries, its cultural ones remain. Visitors to the area are surprised to find people speaking not with a Birmingham accent but in a distinctive Mercian dialect which has a grammar and syntax of its own. The inhabitants are steeped in tradition and customs, some of which go back to mediaeval times. They also retain many of the characteristics of a tightly-knit mining community: conservative and inward-looking, but warm-hearted and generous.

The present-day Black Country, insofar as it is defined at all, is regarded as comprising the four boroughs of Dudley, Sandwell, Walsall and Wolverhampton. This is a poor definition, provoking understandable protests from people living in the greener bits of northern Wolverhampton and Walsall.

Yet more important than quibbles about where its borders truly lie is the task which the Black Country faces in overcoming the hardships produced by the decline of its economic base. The area's traditional dependence on heavy manufacturing and metal-bashing industries brought great prosperity in the post-war boom of the 1950s and 1960s, but its vulnerability to economic downturn was cruelly exposed in the recession that followed.

Blow after blow rained down on the community as steel works and vast factories shut down. Thousands of acres of industrial land were laid waste, unemployment soared, and a sense of hopelessness and despair set in.

To the extent that things would never be quite the same again, that feeling was probably justified. But the despair has gone, replaced now by a cautious enthusiasm for the *Black Country* that is beginning to rise from the ashes.

The signs of recovery are unmistakable. Unemployment is still well above the national average of 9 per cent, but is down to 14 per cent in Wolverhampton and 12½ per cent in Dudley, Sandwell and Walsall from peaks of 18 per cent and more in the midst of the recession.

The businesses that survived the recession were either the fittest already, or else were taken over by someone fitter. Now they are reaping the benefits of recovery: the Wolverhampton Business School's latest West Midlands Business Survey found 71 per cent of Black Country companies looking forward to increased turnover in the next six months and 95 per cent expecting to hold or increase their workforce.

Vast areas of dereliction are now being targeted for development: last month Triplex Lloyd, the foundries and engineering group, *laid down plans to turn* the 75-acre site of the James Bridge Steelworks – once Europe's biggest steel foundry – into a housing, business and leisure scheme.

Perhaps most significantly of all, the Government's creation of the Black Country Development Corporation last year, with a brief to regenerate the worst afflicted parts of the region, is proving a vital shot in the arm. Over the next seven years the corporation will invest between £130m and £160m of Government grants in improving the infrastructure of the area with the aim of attracting five times that sum in private investment.

None of this should be taken to suggest that the Black Country's problems are over. On the contrary, the difficulties have only just begun to be resolved, and the challenges that lie ahead are sometimes awesome in their size and complexity.

Environmentally, for example, large tracts of the Black Country remain an industrial archaeologist's heaven and a human being's hell. The smog may have cleared, but only to reveal scenes of extensive dereliction.

Much of the housing stock fails to meet modern standards; parks and playgrounds are few, and leisure and recreational facilities are inadequate. The area also suffers the handicap of lacking any clearly identifiable centre, though Wolverhampton appears to be emerging as its capital.

Economically, it could be argued that the Black Country's recovery owes more to the buoyancy of the British economy than to its own inherent strengths. Much the same story of revival and rising confidence is coming out of most of Britain's old industrial heartlands.

The recovery is also strongly related to the boom currently being enjoyed by the motor industry, a sector on which the Black Country's prosperity is still heavily dependent. But the motor industry is cyclical, and the Wolverhampton Business School survey produced disturbing evidence that local component manufacturers had left themselves vulnerable to a downturn in domestic demand by failing to exploit export markets.

There is now a widespread recognition in the Black Country that the key to the area's development lies in diversifying its economic base. The Black Country Development Corporation, for example, sees it as important to encourage a mix of investment so that the balance between the manufacturing and service sectors shifts more towards the national norm.

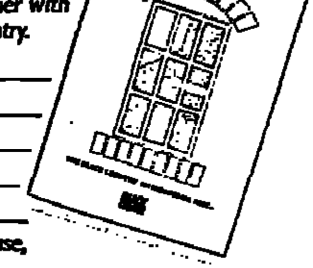
The transformation of the Black Country is not, however, going to happen overnight. Massive amounts of reclamation remain to be done before sites become sufficiently attractive to bring in the investors who will build the superstores, business parks, leisure centres and warehouses of the future.

Yet signs of progress are visible everywhere. In the private sector the Richardson twins, well-known local property developers, have already opened the huge Merry Hill Shopping Centre near Dudley and have several other developments under way.

The Black Country Development Corporation made its first land purchases in March, buying six sites totalling 65 acres from Sandwell Metropolitan Borough Council, and said developers were already showing an interest in some of the land.

There are indications, too, that the Black Country is benefiting from ripples of prosperity emanating from the South-East. Its convenient location at the centre of England combined with its excellent motorway and rail links are attracting the bargain-hunters, and office rents and land values have begun to move up.

The Black Country today may remain an area of obscurity to a large part of Britain's population. But that now looks as though it is starting to change: the next few years could well be the ones that put the Black Country back on the map.



The Black Country Development Corporation - and its leader

A single-minded objective

Mr Bill Francis, Black Country Development Corporation chairman, at Galton Bridge

BILL FRANCIS, chairman of the Black Country Development Corporation, likens his team to a .303 rifle whose well-directed shots will free the area's social, environmental and economic problems. Those who may have to bite the bullet include both central government and the local authorities. Their 12-bore pellet approach, he implies, has failed to hit the root cause of Black Country decline.

Not that the current president of the Institution of Civil Engineers, the man who put Tarmac on the highroad, is planning to gun down those in his way. On the contrary, he says, getting things done is all about consensus and co-operation. He doesn't even seek the trophies. His reward will be in the transformation he boasts is already happening to a messy and problematical patch of industrial Middle England.

BCDC, everybody's shorthand for the corporation, got under way only last summer but has shown its mettle by persuading Whitehall to finance a crucial £50m spine road which opens up the most derelict and inaccessible areas to the motorway network.

Bill Francis says that the project was secured post-haste between Mrs Thatcher's visit to the Black Country in September 1987 and March this year by persuading the DoT to "trunk" it. That way, the road's cost will not be deducted from the £160m pot available for BCDC enterprises during its five to seven year life, during which time it is expected to lever another £800m of private investment.

Local authority relations revolve principally around Sandwell MBC, whose Labour leadership fought the idea of an urban development corporation as far as, but not into, the High Court. Most of BCDC's designated nine square miles (soon to be extended by three separate sites amounting to 750 acres in Wolverhampton) falls within Sandwell. The borough is by all counts except unemployment the area of highest deprivation within the Black Country.

So it may seem strange that the first major sign of co-operation between Sandwell and BCDC is the joint marketing of Sandwell Mall, a huge retail and leisure centre beside the new spine road on the former Patent Shaft steelworks and Moorcroft chemicals site at Wednesbury. In reality, Sandwell Mall dropped conveniently into BCDC's sphere after the withdrawal from the scene only three months ago of Cameron Hall Developments, the Gateshead MetroCentre people.

The 125-acre site already had outline planning permission for 4m sq ft of shopping-related activity, but protracted negotiations with Cameron Hall faltered when British Coal announced its plans for opencast mining in advance of redevelopment. This, however, is no bar to BCDC, which plans to help put a development package together while mining, and site reclamation paid for by British Coal, goes on.

Opportunist that he is, Bill Francis proposed a partnership deal with Sandwell, which will retain the freehold of Patent Shaft while BCDC take over the smaller Moorcroft site. Both freeholds are to be transferred to the chosen developer. Assuming all this happens, BCDC collects plus points for bringing a £200m development into the area, again at little cost to itself, while Sandwell counts around 5,000 new jobs plus a big boost in rateable value and image.

Mr Francis says his confidence is based on Sandwell Mall's strategic position. He believes that it will be complementary to the Black Country's other major shopping development, Merry Hill, which is already trading. This exuberant complex, built in the Dudley Enterprise Zone starting and now reaching department store stage, has established Roy and Don Richardson, the local twins, as major developers. The Richardsons are showing an interest in Sandwell Mall which, they point out, could be linked by their proposed monorail to Merry Hill. Bill Francis says he would be delighted to see Sandwell Mall funded locally.

However, he is aware that BCDC's success will be judged not so much by retail extravaganzas as by the creation and nurturing of industry, and by its ability to achieve the stated target of some 20,000 new jobs by the mid-1990s.

The area starts with heavy disadvantages. It has an obvious lack of serviced sites and modern factory units. There simply was not time to plan ahead during the fierce recession of the early 1980s, which resulted in two out of every three metal-bashing businesses disappearing and a residual 1,300 acres of industrial dereliction.

Assembling practical packages from the 200 derelict sites, many of them under 20 acres, is an immediate concern. It is far more difficult than in Teesside or Trafford Park, where the redundant industries and the plots they left behind were much bigger.

To speed the process, BCDC wields twin powers of vesting public sector land and compulsory purchase for that in private ownership. Mr Francis would prefer to use neither. He advocates the stick and carrot approach, but laments the Government's decision to exclude Dudley Enterprise Zone from the designated areas. He would have used the enterprise zone to tempt companies into less immediately exciting parts of the Black Country by offering some sort of quid pro quo.

Instead, it will be tough going in the early years to generate the confidence necessary to attract bigger investments. Apart from intermediate area status, which applies throughout the West Midlands, the development corporation can offer no special inducements.

The BCDC area is not short of manufacturing companies (600) or jobs (50,000). One prime task is to look after the traditional businesses which have weathered the recession, help them modernise, and reinforce jobs. Another is to encourage a better spread, including new service and distribution industries, making the Black Country less vulnerable to economic downturns.

Within its lifespan, Bill Francis believes that BCDC can demonstrate capital growth returns which will bring in the large office and industrial property developers. There will also, he predicts, be major new wealth-creating manufacturers present. He told Mr Nicholas Ridley, the Environment Secretary, that his job would be much easier on this score if BCDC could offer flexible capital equipment allowances to suit need. But he accepts that this is flying in the face of the Government's regional policies.

In the meantime, BCDC is implementing a crash environmental programme based on a classic green-fingers approach, but is also intending to make full use of its 25 miles of canal system. Ironically, this enduring legacy of the Industrial Revolution seems likely to be a principal attraction for private housebuilders and leisure enthusiasts.

It recently announced its first acquisition of sites for private housing from Sandwell MBC. The five sites, plus a sixth for industrial development, totalling 85 acres, placed a cheque for £877,500 in the Sandwell treasury, along with a £700,000 land reclamation contract. Such are the benefits of having a cash-rich quango in your midst.

So why, in Bill Francis's opinion, will BCDC succeed where so many public bodies have failed before? It is all, he reiterates, a matter of direction. The compact development corporation team, bolstered by board contacts with local industry as well as local authorities (and Sandwell handles development control on an agency basis) has its sights firmly set on one objective: to engender a self-sustaining, balanced economy in the heart of a rejuvenated Black Country. Then it will happily disappear.

Single-mindedness is bound to bring pressures and conflicts during BCDC's brief life. By setting itself up more like a PLC than a public corporation, and by contracting out all the work on the ground, the corporation is poised to become a very special sort of enabler.

But so much depends on performance standards obtained at one remove. And nobody is more aware of the need to deliver than Bill Francis, who has already served almost one third of his initial three-year contract.

Robert Waterhouse

Co-operation

Four authorities which need each other

BEFORE TODAY'S local elections, Labour was in firm control of Sandwell and had a working majority in Dudley. Conservatives just held Wolverhampton, while in Walsall the non-Labour grouping of Tories, Independents and Liberals ran a classic hung council.

Black Country politics are notoriously volatile. Yet, whatever the line-up after today's count one sure bet is that Black Country Co-operation, an alliance between the four authorities on strategic issues, will proceed undiminished.

Its origins go back five or six years to the time when the local economy was in ruins following the sudden onslaught of recession. Council leaders had meetings with Mr Tom King, then Environment Secretary, who encouraged them to co-operate on a semi-formal basis. The authorities found ready ears for reclamation initiatives, if not for joint economic development.

However, by November 1984 the West Midlands had become an assisted area. A consultants' report confirmed the problems. But then, in April 1986, came abolition of the county council and a new sharing of responsibilities between the seven West Midlands boroughs. The Black Country identity of Walsall, Wolverhampton, Dudley and Sandwell was reinforced. Birmingham stood alone as the biggest unitary authority in Britain; Coventry regained its separate city pride; Solihull relaxed into suburban affluence; but the other four needed each other.

At around 1.2m inhabitants in total, the four authorities feel capable of countering Birmingham's pull. Wolverhampton is their nearest essay at a sizeable centre, but given the delightfully parochial make-up of the area there is no intention of straining allegiances.

Co-operation is confined to issues like land reclamation, road and rail infrastructure, EC bids (described elsewhere in this survey), tourism and the Black Country Image project.

Image has become a thorny subject in and around the boroughs. The feeling, shared by public and private bodies alike, is that poor image, not to say misconceptions, belie the great changes taking place in the Black Country.

So the four boroughs and the Black Country Development Corporation (BCDC) have each chipped in £25,000, along with smaller contributions from British Telecom and W&T Avery, for an 18-month campaign aimed at decision-makers within but principally beyond the area.

Its ammunition is an attitudes survey commissioned from Gallup and sponsored by seven major companies which questioned a national sample of 2,000 and a local cross-section of 1,000 as well as 43 national and 30 local opinion leaders about the Black Country. The survey produced a predictable swathe of negatives to be countered, as well as several positives to be embraced.

For instance, just where is the Black Country anyway? Although some 72 per cent of the national survey had heard of it, only 40 per cent could place it in the West Midlands while 13 per cent associated it with the Potteries.

In overall image terms, national survey respondents believed it to be a heavily industrialised area of high unemployment, depressed, polluted, and with a large immigrant population. Similar conceptions were held by the national opinion formers, whose mind picture painted a grim, polluted, derelict, depressing landscape.

However, these important outsiders saw pluses as well as minuses in Black Country investment. Despite believing it was too far from an international airport (30 miles?), not close enough to motorways (what about the M5 and M6?), too remote from London (all of 120 miles) and the ports (ship-outfitting used to be a major trade), the well-informed captains of industry also observed good communications, a skilled and flexible workforce, cheap labour and low house prices.

Local residents' view of their own patch proved less stereotyped. If only 65 per cent believed they lived in the Black Country, 44 per cent said they would object to any change of name. Far from threatening rebellion, they thought the Black Country had fewer problems than the nation as a whole and they expressed general satisfaction at local authority services.

All of which creates a tall order for Marketing Team, the consultants commissioned to help transform opinions. A few eyebrows have been raised at the prospect of a £127,000 budget achieving the desired objectives, but Mr John Harrold, Walsall MBC's policy director, points out that the campaign will be necessarily selective.

Mr Harrold heads the secretariat providing back-up to the joint advisory group on Black Country Co-operation. The group lacks executive powers, but ensures that the leader and two nominated councillors from each borough get together every three months.

Contact between chief executives and other officers is much more frequent. It has been helped by the recent switch of Walsall's chief executive, Mr Viv Astling, a co-operation enthusiast, to a similar job at Dudley. Last month the group appointed its first full-time co-ordinator, who is attached to Walsall but divides her time across the four locations.

Indeed, several officers now have the unusual challenge of serving all four boroughs at the same time. Once they have got over the jibes about a perfect excuse for skiving, and the deeper suspicions these hide, they enjoy the experience.

The boroughs have allocated an annual £200,000 budget for co-operation. This, too, is small beer, but officers such as Wolverhampton's deputy chief executive Mr. Terry Gilbert stress that the budget bonds four powerful authorities with a combined purchasing power of over £100m, whose consortium makes cost-savings for ratepayers and places business with local suppliers.

Is it a coincidence that the pace of co-operation has been stepped up following the arrival of BCDC in the boroughs' midst? The question brings polite denials from the senior officers, but a group of four younger men at Sandwell MBC plainly welcome the challenge. They have become more pro-active, and more aware of their role in serving a public which would not observe local authority boundaries even if it recognised them.

Robert Waterhouse

Robert Waterhouse meets regional Chamber of Commerce leaders

Hue of an image problem

TOGETHER, the Chambers of Commerce of Walsall, Wolverhampton, Dudley and Sandwell represent 3,500 companies in the Black Country boroughs.

The chambers are strong and flourishing, though each has a different historical role. Walsall, the biggest, with a full-time staff of 65, is taking training initiatives which extend well beyond its nominal boundaries; Sandwell, the smallest, is only just emerging from under the mantle of the *Birmingham* chamber.

In a round-table discussion with managers and chief executives of the four chambers, a mostly optimistic picture of the Black Country economy emerges. However, doubts remain about the strong pound, skill shortages allied to residual unemployment, the *Black Country's* image and the role of the Black Country Development Corporation.

Mr John Rice, Wolverhampton chamber's *chief executive*, reports mixed feelings about BCDC's *growing involvement*: "The political implications offend local pride," he suggests. "There has been a lot of unhappiness and misunderstanding, but those local authorities physically affected must come to terms with the fact that if there is money available, they would be very naive not to take it."

He sees the chambers' role in this as a *facilitator, encouraging* harmony. Because they will be around long after BCDC departs, they have to sustain credibility with the local authorities.

Mr John Carter, Dudley's manager, says that the chambers have already helped to bridge the gap over issues like the Black Country Trade Fair, where the two were "miles apart."

"There will be projects where BCDC is under tremendous pressure to show it's delivering while the local authority has other ideas," adds Mr Rice. "Our task is to ensure that the private sector does what it can to keep a levelling influence."

However, businesses must be kept fully informed to play this role successfully, and Mr Robert Truslove, Sandwell's manager, claims this is not yet the case. "We feel there should be a regular forum with BCDC, not necessarily following an agenda, so that we can relay progress to members. Sandwell companies are building up antipathy to the *corporation because they just* don't know what's going on."

But isn't that the perennial criticism made of such bodies? Mr Rice feels that the moment has come for BCDC to open up. Mr David Frost, Walsall's chief executive, is not so sure. "It's down to us to make the link," he says. "We haven't a God-given right to information. But they must realise that the chambers can be a useful vehicle. We have industrialist members on their board."

If BCDC had communication

The dilemma of reasonably buoyant order books and structural unemployment

problems, what about the four local authorities and their Black Country Co-operation initiative?

Walsall's Mr Frost is not optimistic. "The local authorities in this area are totally incapable of *working together,"* he *claims.* Wolverhampton's Mr Rice is more philosophical. "There's a question of vision. Local authorities, by their very nature, are parochial, and the Black Country is a collection of villages. They have always argued that they know best how to spend any money, but I don't think that's the answer."

What with BCDC, the local authorities, government, statutory and voluntary agencies all offering services to industry, is the typical small-to-medium business not just slightly confused?

"We're becoming a bit punch-drunk," Mr Rice agrees. "For every major employer in the Black Country there are hundreds of small firms. They are the ideal recipients of government aid, but very often the minimum grant level is far too high for them to cope with and the bureaucracy is beyond them."

Sandwell's Robert Truslove argues that many Black Country small firms go through the motions only to find they are ineligible for government grants because they form part of a larger group.

Are the chambers in a position to offer one-stop-shop advice to inquirers? Mr Frost believes they are. "The DTI has come under attack for the amount of money it has spent trying to get across the Enterprise Initiative. We would say that there is no more cost-effective way of reaching *small firms than through our* constituent members."

At Sandwell, the chamber is to be found in the business advice centre alongside enterprise agencies. "But after completing their forms small firms often make a poor job of presenting their case when they are asked to visit the DTI – they're terrified," says Mr Truslove.

Mr Frost has a feeling that in the long-term agencies will pull together to form one-stop-shops, town by town. Mr Rice agrees: "Yes, this will come about because industry itself will say what it needs. There's such a proliferation of advice at the moment that even we professionals find it hard to see a way through. Industry will say, *sooner rather than later,* enough is enough."

Various moves are afoot to improve the Black Country's internal perception and external image. Do the chambers feel these justified?

Mr Truslove has no doubts. "The change of image is important. Sandwell MBC has a rather unfortunate uniqueness. It is the only metropolitan borough in the country without an exit to the Green Belt. One consequence of this is that fewer and fewer ABs live in Sandwell. They work here but they don't live here."

Mr Rice says: "If you ask those running hospitals – and you won't get a more more emotive issue – how difficult it is to recruit good quality surgeons you'll find that their problem is not the hospitals, which are good, but the area's image.

"Surveys show that we have a skilled workforce, *excellent* educational facilities, good access to the countryside and high quality medical care. But we are stuck with this unfair perception of high chimneys, flat caps and cobbled streets."

Mr Frost offers a solution. "What we need is a government department to relocate in the heart of the Black Country. A major department. It's not ridiculous, given the communications revolution."

Mr Carter voices a frequently-held opinion that the problem with the Black Country image starts *in its very name. Natives* – and he is one – talk about living in Tettenhall, or Dudley. "The ideal opportunity to change that came when the development corporation was set up," says Mr Rice. "That hasn't happened. Until BCDC goes, the new-name lobby won't be able to scrap the Black Country because this sits right in the middle of it."

Image apart, is the area not faced with the dilemma of reasonably buoyant order books but structural unemployment several points above the national average?

"Sadly, in Wolverhampton, we have the highest unemployment in the West Midlands at around *14 per cent,"* Mr Rice concurs. "But we also have full order books, companies working at between 80-100 per cent capacity and finding difficulty in getting hold of skilled labour. The trouble is that one man's skilled toolmaker is another man's semi-skilled operative."

In Walsall Mr Frost finds that many of the traditional skills, *still* badly needed, have *disappeared* from the labour market. *Typically, these were held by* people in their 50s who left industry during the shake-out in the early 1980s. And, adds Mr Carter, younger people have been reluctant to go into industry because they regard it as unstable.

But, acknowledging that the recovery has been under way for 18 months or so, what of the mid to long-term? Mr Carter says: "In Dudley our members have reservations after what happened earlier in the decade. There has been an improvement, but they wouldn't say it was a boom yet."

Mr Truslove sees this as "natural caution. My members have a fairly heavy commitment to export and the strength of the pound is putting profits on the borderline."

Wolverhampton may be working at near capacity, but that capacity is nowhere near what it was in 1979. An overheating economy, in Mr Rice's view, will simply attract imports.

Walsall, again, differs. "We had a discussion among 20 manufacturers the other week," says Mr Frost. "They reported amazing buoyancy and saw no evidence of the pound affecting them. They're banging in new plant as they need it. The only restriction is availability of labour. Confidence has taken a long time to *rebuild, but it has become* self-sustaining."

Dudley

The open air museum

DUDLEY IS an engaging mix of market town, castle ruins, industrial landmarks and what Pevsner called "cheery suburban housing." The castle, set between the town centre and the long slope into the Black Country proper, was mentioned in Domesday but dates mostly from the 14th and 16th *centuries. This century, the* castle keep has served as centrepiece for Dudley Zoo.

Down the hill towards Old*bury and Tipton bearings get* confused by a former Freightliner depot, but the open-air Black Country Museum is really just round the *corner,* and part of a 150-acre recreational site which includes the Dudley Canal, leading to the limestone Singing Cavern. Despite obvious potential and excellent individual parts, nothing quite hangs together.

In September 1985 Dudley MBC, the site owners, commissioned an English Tourist Board study which recommended three options. The first was simply to minimise costs. The second was to develop individual attractions in isolation. The third, since adopted by the council, was to improve constituent parts while creating a central linking theme, Black Country World, to put it in the major *visitor league.*

As proof that it meant business, Dudley's Labour council last year approved a £5.73m initial development plan to be completed by July 1989. This pump-priming exercise will improve infrastructure and provide at least one new major exhibit at the museum, the canal and the zoo – which are each managed by their own independent trusts. Later this *month the council plans to* form the Castle Hill Development Company in partnership with the three trusts to attract private sector capital. A masterplan indicates that Castle Hill's greatest current weakness – space – can become its strength, with adequate room for all sorts of activities.

Commercial ideas include joint ticketing, a young children's adventure park (but not another *Alton* Towers), a market square with pub, restaurants and speciality shopping and a 50-bed hotel. Development should be nearing completion by the mid-1990s.

Mr Viv Astling, Dudley MBC's new chief executive, who is also the Black Country boroughs' lead officer on tourism, says that Phase 1 will increase visitor numbers from 500,000 to 750,000 annually and should create some 1,500 jobs in the town. It will begin to reposition the area in tour*ist terms and stimulate inter*est in hotel building.

However the proposals are seen as a mixed blessing by Mr *Ian Walden, director of the* Black Country Museum. His trust stands to benefit from a £1m mining exhibit, but increased numbers could upset the delicate balance between conservation, education and pure enjoyment both on the part of visitors and the local workers whose enthusiasm at the museum is so evident.

The museum's origins lie in the early 1970s, when worries about the *fast-disappearing* artefacts of traditional Black Country life led to the trust being formed, and supported by West Midlands County Council as well as Dudley. In fact, says Mr Walden, local industry had been so busy over the years that not a great deal remained of the early days. But pieces were set aside in readiness for the move onto *site* in 1975.

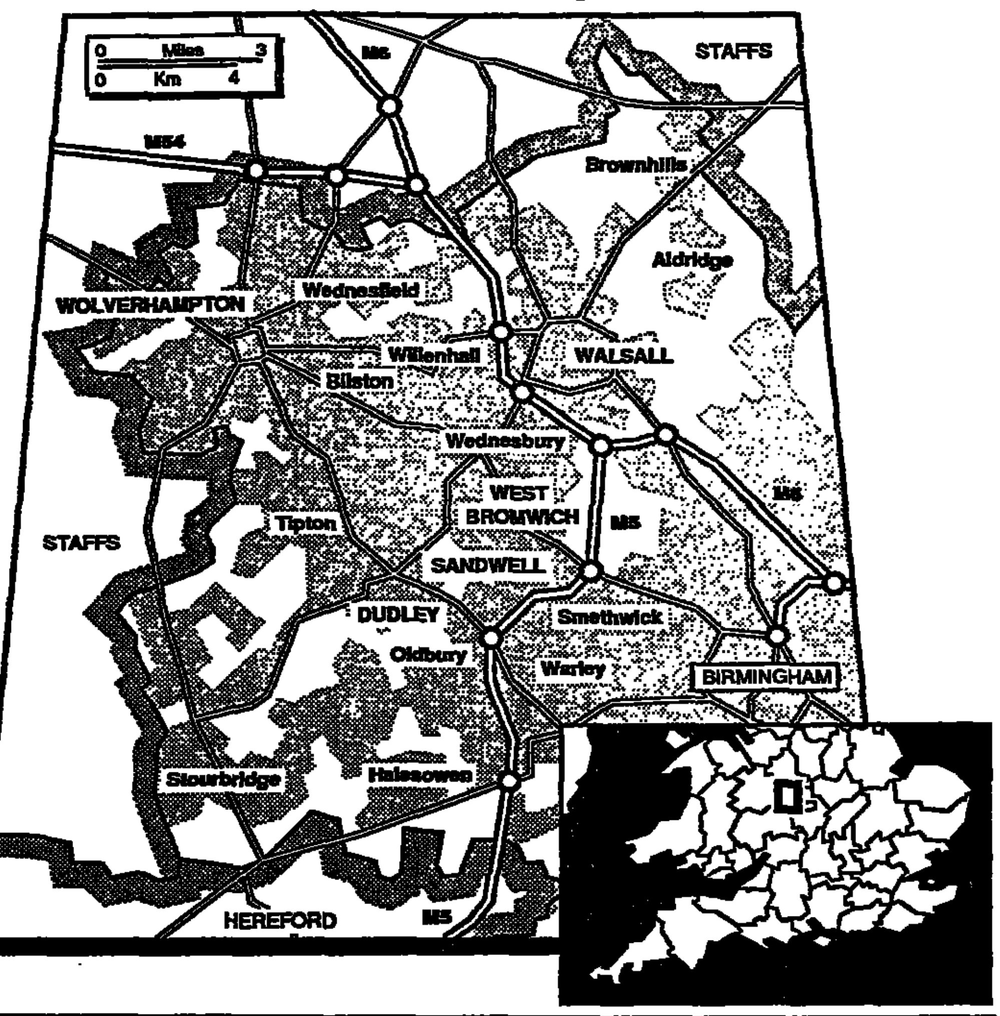
Since *its establishment* the Black Country Museum Trust has raised £3.5m, reclaimed and *landscaped a difficult site* dotted with 40 mineshafts, as well as a former brickworks and lime kilns.

It has recreated the nucleus of a period working village, with shops, a pub and Methodist chapel, and housing. Most buildings were re-assembled brick by brick from other sites in the Black Country. The village incorporates a small rolling mill from the Birchley works in *Oldbury (donated by* British Steel), a steam hammer, a chainmaker's forge and other ironworks, all demonstrated by staff. The museum's canal boats form a natural link with the canal trust.

Without the museum, Black Country World lacks authenticity. Equally, the museum needs visitors. Revenue from *its current annual pull of some* 250,000 still does not quite meet running costs, and there are ambitious future schemes beyond the mine.

One proposal is to extend the museum tramway system into Dudley's bustling town centre. That way, the real world will keep tabs on Black Country World in a way that even Disney could not fabricate.

Robert Waterhouse



THE BLACK COUNTRY 4

European Community assistance

A bid for £196m

THE West Midlands has allies in Brussels, but for unenviable reasons. According to the European Commission's synthetic index of regional problem areas, it emerges as Europe's most deprived industrial conurbation, just ahead of Merseyside. In UK terms, only Northern Ireland ranks lower. On a 100 per cent norm, the West Midlands scores 68 per cent compared to Greater Manchester's 93 per cent and Greater London's 135 per cent.

While some may dispute the index's validity, it offers the solid prospect of project funding. Closing regional disparities within the Community takes on a fresh urgency in the run-up to the integrated market. Birmingham has already secured £113m for an integrated operations programme with the European Regional Development Fund. Now the Black Country is putting in its own £196m bid, half to be funded from Europe.

The bid is a working example of Black Country Co-operation, the semi-formal grouping of Walsall, Wolverhampton, Dudley and Sandwell boroughs. In fact, it is the first joint attempt by local authorities to obtain National Programme of Community Interest moneys. Its background report, commissioned in July 1987 from Roger Tym and Partners, was half-funded by Brussels – another first, and a sure indication of European interest.

Mr John Jones, the Black Country's Mr Europe, has to carry Brussels alongside Whitehall without playing off one against the other

Mr John Jones, a former polytechnic lecturer, is the Black Country's "Mr Europe," who is becoming as well-known in the Brussels directorates as in Wolverhampton, the lead authority on Europe. Mr Jones, a multi-linguist, believes that the secret of successful negotiation (given the good case he represents) is two-way involvement and a high profile for ERDF infrastructure cash.

Between 1984 and 1987 the fund approved £32m of grant aid, including £16m for utilities, on an *ad hoc* basis. The present aim is to put together a five-year rolling fund of projects which, including European Social Fund backing for training initiatives, will help transform the investment climate in what remains one of Britain's most important manufacturing areas.

Integration, however, depends on joint action not only between the boroughs but with the DoE, the public utilities and other public agencies like the Black Country Development Corporation. Their endorsement of the proposals will be sought before Brussels can make a response (this October at the earliest) followed by approval next spring, with cash backdated one year.

The matter is complicated by the Commission's additionality rulings – which try to ensure that Whitehall does not simply substitute EC funding for its own, and that both local and central government play their part.

Two major infrastructure projects are excluded from the bid. The £50m Black Country spine route already has full funding secured from the DoT; the £64m Wolverhampton-Birmingham first phase of the proposed West Midlands Light Rapid Transit system is the biggest single economic generator, but bids are likely to be entered as the project gets under way.

Road schemes account for more than half of the £196m. But other major areas are utility services (£20m), tourism development (£13m), derelict land treatment (£10m), improving public transport (£9m) and small firm creation (£9m).

"I have every confidence that we will in the main win approval for our bids," says Mr Jones. "They are anything but fanciful. They allow necessary infrastructure spending to be brought forward on an agreed timetable." And, he notes, they have the advantage for ratepayers of reducing local authority debt-repayment liabilities.

Like every other British operator on the European stage, Mr Jones has to carry Brussels alongside Whitehall without being thought to play one off against the other. But he has no doubts that the Black Country case is sound. In European eyes, the economic and social shoddiness so apparent, from observation as well as statistics, is crying out for cure.

"We're moving rapidly the other way from much of Europe," Mr Jones claims. Brussels does not like that in a member state which increasingly, by reputation, favours private affluence at the expense of public squalor.

Robert Waterhouse

TRIPLEX LLOYD

Park Lane commitment to region

THERE ARE uncanny resonances between the North-East and the West Midlands when it comes to looking at private sector-led schemes to turn dereliction into development.

Though there is nothing in the Black Country – yet – as ambitious and audacious as the Gateshead Metro shopping complex, it can only be a matter of time, for there are plenty of companies and individuals poised to bring about the same kind of transformation.

With land available at low but rapidly rising prices, enthusiastic local authorities and capital looking for a new role, the trend has a natural logic.

Last month, Triplex Lloyd applied for planning permission to develop a 75-acre business, leisure and research complex on land it acquired when it took over F.H. Lloyd a year ago.

The application for the site – the old James Bridge steelworks beside the M6 at Darlaston – is almost certain to be approved.

The Black Country Development Corporation has been closely involved with preparation of the plan, which coheres with the BCDC's wish to breathe some life and loveliness into a worn-out landscape.

The property market in the West Midlands is moving fast

The project would cost around £60m and could create some 750 jobs in the region.

It makes sense for TL, which, after massive reorganisation over the past five or six years, has been steadily adding property and land management to its basic business, now divided into the three main divisions of foundries, building components and engineering.

The company turns over £110m a year and has 3,600 on its payroll.

A new subsidiary, Park Lane Property Developments, has been set up to organise and establish the complex. Mr David Yeates, its managing director, sees it as a perfect exemplar for public-private partnership in run-down urban areas.

"Local authorities have been desperate for genuine development. Here, they've welcomed our proposals with unusual warmth," he says.

The Park Lane plan has some inevitable components – superstore and filling station; public house and multiplex cinema; warehousing and modular business units. But it will also accommodate TL plc's international head office, currently situated in a shabby building near Tipton; and there will be a housing scheme covering 20 acres, with associated community services and parkland.

Mr David Yeates, managing director, property division, Triplex Lloyd

Mr Jim Doel, chief executive of the TL group, says the plan reflects the buoyant state of the company and its commitment to the region: "The West Midlands is geographically right for us. The workforce is right. We want our base here.

"And we can be part of the process of removing all that is ugly and replacing it with developments every bit as attractive as those elsewhere in Britain."

This is not an empty notion, either in general or in substance. The Park Lane project – carried out on what is the largest single derelict site in the West Midlands – will have a substantial and beneficial impact on the environment well beyond the immediate locality.

For the company, there will not only be the prospect of secure profits on its share of the costs, but a tangible expression of those concerns listed among its current published objectives: "To promote the good name of Triplex Lloyd and its subsidiary companies to stakeholders, shareholders,institutions, customers, suppliers, staff and the community."

The funding of the Park Lane project will come from three main sources: initial capital from the local authority for land reclamation; cash from TL and a development partner; and finance from an end-user of the site, probably a superstore operator.

Part of the site may eventually be sold by TL to raise cash for additional developments. As Mr Doel notes, the property market in the West Midlands is now moving fast, and business space has doubled in price in less than a year.

In pure commercial terms alone, the project could not be better timed – and seems likely to satisfy the aspirations of all concerned.

Ian Breach

Glassware

The Brierley look

ROYAL BRIERLEY Crystal is a direct industrial descendant of the Huguenot glassmakers who left southern England in the 1600s on the last leg of their search for abundant fuel and fireclay. They found what they wanted near Stourbridge, and a community of flint and lead-crystal glass manufacturers has been applying more or less the same mix of practical and artistic skills ever since.

It is a quintessentially Black Country business – relatively small in scale but high in product volume and quality. For just over two centuries, Stevens and Williams – founders of Royal Brierley – have quietly dominated that business.

The firm operates two factories, one at Dudley Port near Brierley Hill, where tableware and ornamental glassware are made; and the other at Tipton, where lighting glass has been manufactured for the past 60 years.

Their regally warranted products can thus be seen on tables in the Prince of Wales's household or in the electrical department of every Woolworth B&Q superstore.

A few days ago Brierley Crystal opened a showroom in Madison Avenue, New York, complementing its presence on the sales counters of Tiffany's. In Japan, Brierley competes with that country's Hoya glassware in shops like Mitsukoshi and Isetan. It faces rivals from the Black Country in Harrods and Selfridges. And everywhere the company fights off the competition from Spanish, Portuguese, French and Scandinavian products. Not bad for a company with 600 employees and a modest turnover of £10m annually: even more so seen from the environment in which it operates.

This heart of the Black Country is unimposing to the point of dreariness; potholed roads and congested local towns make access tiresome; the local urban scene is pinched with signs of poverty surrounding the old, traditional bottle kilns in this part of the West Midlands.

But Brierley Crystal is a beacon of industrial vigour and optimism. Having survived recession with only a brief though painful cutback two years ago, when the company shed 30 employees, it has just taken on 11 young workers. They will embark on a career in which almost everyone becomes an expert and an enthusiast.

New technology has made controlled inroads, and Brierley Crystal is currently preparing the purchase of capital equipment for its next phase of expansion and modernisation. But lead crystal glass still depends for its standards – and therefore its appeal – on skilled working by hand both in the shaping of molten glass and the decoration and engraving of stem and other ware.

The firm operates a training scheme supported by the National Flint Glass Workers, a non-TUC-affiliated union. Most of the skilled employees are young; several have benefited from the glass training course at Dudley Technical College. Indeed, the Stourbridge Crystal Glass Manufacturers Association has strong links with education and training bodies.

According to Mr David Williams Thomas, managing director, work experience youngsters have found their time with the firm "much the same as an extended interview, during which we all learned a lot from each other."

Apart from craft training, there is now a steadily growing emphasis on the acquisition of keyboard skills and computer literacy, and there is positive encouragement to design students outside the areas to contribute to the Brierley Crystal pool of talent. An annual award is made to a pupil at the Royal College of Art; Leicester Polytechnic students came up with designs that made their way into main product lines.

A career in which almost everyone becomes an expert and an enthusiast

Like so many old Black Country businesses, Brierley Crystal seems equally at home with bespoke orders for individual customers or with long-run but equally distinctive products for large markets like Next and British Home Stores.

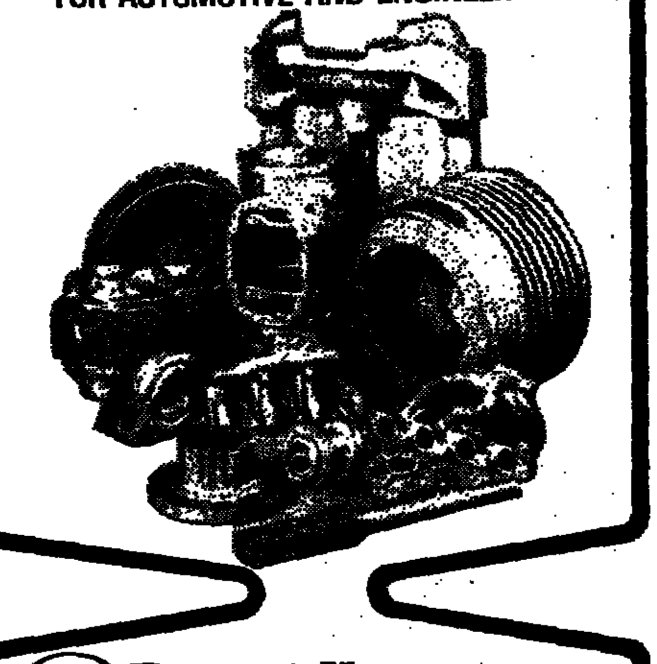
The firm has responded to fashion in gift and stem ware and can compete as comfortably with Nordic simplicity as it can with the florid ornamentalism of the southern European glassmakers. But there is no doubt that the competition, overall, is as stiff as it has ever been.

There has to be, in Mr Williams Thomas's words, "a Brierley look that justifies the royal warrants we have held from each monarch since George V."

The company seems the very model of that success which is so easy to formulate by development agencies and industrial advisers but which is nonetheless so rare: manning levels in equilibrium with productivity; excellent shopfloor relations; the right mix of manual competence and modern technology; and flexibility of response to market demands on quality and quantity.

From Brierley Crystal, the mood of the Black Country is a very positive and hopeful one.

Ian Breach



Risk capital and advice for region's companies

Help on hand from all sides

ABOLITION OF the Metropolitan County Councils in 1986 followed interminable criticism by the Conservative Government of what it saw as unrealistic and extravagant spending policies. Whether their successor authorities have secured better value for money on a parallel range of services to the ratepayers is a moot point and undoubtedly depends on the way the figures are analysed.

Before their disappearance, most of the Met counties had made some long-term commitments to their regions which can be measured. In the case of West Midlands CC, a major obligation which survives its passing was the setting up of an enterprise board, constituted as a limited company to raise risk capital for local companies.

By the time the old council had been dismantled, £16m had been vouchsafed, through the Enterprise Board and its subsidiary companies, and between 40 and 50 local firms were being given assistance. Today, seven of those firms have been sold at a profit, seven disposed of at a loss, and 27 are still on the WMEB project books.

Currently, around £9m is invested in these undertakings. They range from steel foundries to textile manufacturers, printers to brewers, general engineers to springmakers. Half of them are in the Black Country. What they have in common is the link to a set of financial and technical packages so successful that WMEB is now regularly asked to provide the same kind of help to institutions way beyond the boundaries of its region – Oxford, Swindon and Leicester have approached the board on the basis of a reputation for solid and shrewd management established in only six years.

WMEB has a lot to offer. For regional credibility, it has a list of directors – largely drawn from highly qualified professionals who are also councillors – who have unrivalled collective knowledge and understanding of the West Midlands and its problems. The board has a wide remit but tight control over all the investments, drawing on an economic development team largely taken over from the Met county and therefore familiar with the complex and sometimes conflicting objectives of local authorities and the industrial sector.

At an early stage, WMEB set up, with Lazards, a regional unit trust fund, with a £10m portfolio that can be managed inside or outside the region from cash raised through unlisted and unquoted securities, local authority pension funds and charities. Generally, the unit trust fund offers between £75,000 and £750,000 for start-ups and established businesses with sales in the £1m-£10m range.

The fund takes a minority stake, appoints a non-executive director, and provides advice and back-up from relevant professionals and through its other activities.

These include West Midlands Technical Transfer Limited (jointly with Aston University), WM Co-operative Finance, WM Training, WM Clothing Resource (the region has more textile workers than West Yorkshire) and WM Welfare Rights Agency. It is a formidable assembly of financial, industrial, political and *social strengths*, in many ways a model of what a non-government organisation can and should be doing for regional revival.

The spread of interests now means, for instance, that very small firms, turning over less than £75,000 and in need of only modest financial aid, can call upon the same pool of skills and advice as the biggest companies. Community lawyers can get welfare benefits training; manufacturers can tap into national R&D know-how.

The WM training centre can advise on industrial relations and shopfloor management for the many companies in the area with limited experience of these skills. Similarly, a high proportion of firms has little or no knowledge of exporting: again, WMEB can guide and propose planning for selling overseas. It is also ideally placed to make recommendations on management buyouts.

Mr Vincent Young, chief executive of WMEB, says he is seeing ever-growing links between the CBI, local authorities, chambers of commerce and marketing agencies. Of all the institutions charged with helping the West Midlands out of recession, he sees the Enterprise Board and its subsidiaries, as "part of the change, and not the response to what went before."

Ideally, what the WMEB is doing should integrate naturally with the work of the Department of Trade and Industry, though it is too soon to see how the links will develop. Having made a takeover bid for the word "enterprise," the DTI is certainly making its presence felt in the West Midlands. Since it was granted Assisted Area status in 1984, the region has seen its DTI grow in size to 120 employees with a much higher profile, enhanced by copious advertising in all local media.

And the response has been huge. Following the launch of the department's new range of schemes in January this year, more than 7,000 inquiries have come to the DTI offices in Birmingham – many of them from the Black Country and a large proportion interested in the consultancy service, where the DTI offers to put in temporary counsellors in key business areas like marketing, design, quality assurance and high-technology manufacturing systems.

This is in addition to the *Regional Selective Assistance* scheme, which has already made 1,200 grants available in the past four years: a total of £112m is reckoned to have generated investment of £1bn and created or safeguarded more than 50,000 jobs.

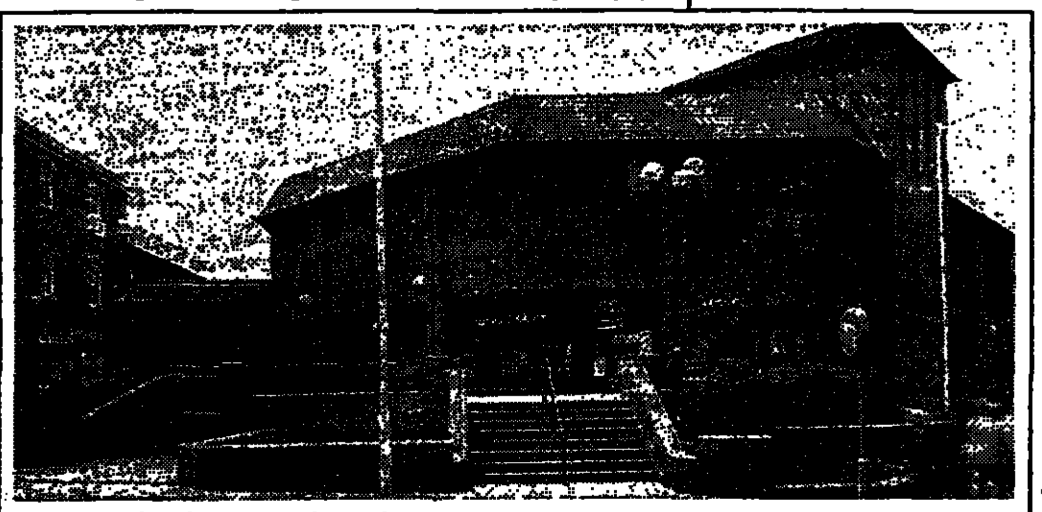
Mr John Brown, DTI manager responsible for the new Enterprise Initiative, perceives strong recovery signs in the Black Country, with the DTI helping to sustain and revive the traditional entrepreneurial spirit that once prevailed among the thousands of small companies in the region. He notes four key stimuli to reconstruction of the economic base: demanning, improved industrial relations, higher productivity and quality, and a raising of market expectations.

The DTI schemes are intended to be a key ingredient in creating the climate of response to these factors. Black Country firms qualify for a larger proportion of assistance than others in the West Midlands and this, together with the emphasis on rapid and simplified application procedures, has meant a quick take-up from many companies.

Typically, firms receive professional counselling within 24 hours, and a report and review are issued within three weeks. Then, if it is thought appropriate, a resident consultant, drawn from a panel of 50 or so semi-retired professionals, is contracted to them at a subsidised fee. The consultants' work is complemented by advice from the Production Engineering Research Association at Melton Mowbray, the Institute of Marketing at Warwick University, the Council of Industrial Design, and 3i's Enterprise Support Initiative.

By the end of 1989, the DTI expects to be responsible for 5,000 consultancy and counselling contracts. The tone and terms of all the department's overtures in this strongly suggests that there will be a genuine marrying of the Government's new long-term strategy for industrial renascence with the more immediate and very urgent needs of Black Country business.

Ian Breach



The Crown shopping centre, Stourbridge, Dudley

Traffic bottlenecks

A quicker way from A to B

EVERY INDUSTRIAL development agency throughout the land claims that its region has unsurpassed communication links by road and rail with the outside world.

For the West Midlands in general and the Black Country in particular, that boast is an honest and verifiable one: by geographical definition, it sits astride and at the centre of the nation's major routes. All the better, in theory, to move the raw materials in and the finished articles out of an area that produces 40 per cent of Britain's manufactured goods.

But just as good electrical wiring will not of itself prevent an overload, so the West Midlands transport network is pressurised to the point where the circuit-breakers are increasingly tripping out. So busy are the major routes with intranational traffic that the region has become a victim of its proximity to them.

Routinely, and even without roadworks, contraflows and lane closures, it can take an hour to travel the first 10 miles northwards, southwards and eastwards out of the towns adjacent to the M5 and M6.

The kind of vehicular thrombosis one now sees regularly where the two motorways merge will be cured only by massive road development that separates local-only traffic from the long-distance.

But even partial relief here is a long way off: the new major three-lane dual-carriageway planned to take vehicles from the west of Birmingham section of the M6 up to Cannock on that motorway's northbound lanes will not start construction before 1991 and will probably not be completed much before the end of the century.

Until then, and in addition to all the indigenous traffic, 100,000 vehicles a day are competing for passage within, to, and through the region, with a backwash that impedes movement on the roads and streets around Wolverhampton.

Two major road schemes here should provide much needed relief in the shorter term: the *Black Country Route* (already begun), which connects Coseley on the Birmingham New Road with the M6 at Junction 10; and the Spine Road, which will take traffic from Junction 1 on the M5 through to the Black Country Route, reducing pressure in the West Bromwich area. Both are £50m projects.

On the face of it, this is an expensive solution, especially in the case of the Black Country Route, which is only 7km in length. Partly that is because very considerable civil engineering problems have to be overcome, with disused mineworkings riddling the route, 10 major bridges to be constructed, several watercourses to be diverted, and special drainage measures to be taken.

But the completed road will be more than a mere connection: it will open up more than 1,000 acres of development land which, at the moment, is an industrial wastescape. It will also re-route traffic away from the centres of Willenhall and Darlaston.

One of the abandoned Rubery Owen works near Willenhall has been taken over by Verson Wilkins, which makes the world's largest vehicle-body presses. When the Black Country Route is complete, in two years' time, these will be low-loaded direct onto a new slip road less than two miles from Bentley Junction on the M6.

The Black Country's road building programme is an ambitious part of the overall strategy *to revive both industry and the* environment in a worn-out and desolate area.

It goes together with a long-term goal of truly fulfilling those much-vaunted claims about access and freedom of movement. For it ties in with an overall plan for improved local and regional communications which, notably, includes the Midland Metro Light Rail Transit system, an £800m network, the first phase of which will be the subject of a Parliamentary Bill due to be deposited in November.

This will be for a 20km route, mostly on a disused BR line, from Snow Hill station in Birmingham to Wolverhampton town centre. It is intended to be financed through a public-private partnership involving the EC Regional Development Fund, the British Government, seven local councils, two development bodies and private sector consortia.

The Midland Metro is an about-turn for an area that chokes on the motor car

For their money, they will be getting the first leg of a rapid-transit web that will be spun to the western edge of the Black Country, south to Stourbridge and east towards Birmingham Airport.

An earlier attempt to get such a system in place was dropped just before the abolition of the metropolitan county of West Midlands. Now revived and technically reviewed, it is modelled on the pattern used in Grenoble – two-car rail-and-trolley units carrying around 170 passengers at five-minute intervals and between stops that are 1¼-2 minutes apart.

Continental Europe has more than 70 such systems running: the Midland Metro would be Britain's first and would benefit not just from the lessons learned across the Channel but from the experience of the Tyneside heavy rail Metro in its interchanges with car parks, BR stations and major shopping centres.

The West Midlands Passenger Transport Authority looked at several possible solutions to the problems of saturation and congestion on the roads, examining *the performance and cost-effectiveness* of American rapid transit systems, the London and Glasgow undergrounds, dedicated busways like those operating in Runcorn and Redditch, and driverless systems like those in Lille and London's Docklands. The PTA plumped for a twin-rail network, with articulated cars on a partially segregated network.

But the Metro will be about far more than the efficient movement of the region's 2¾m residents, half of them workers, from place to place. It will represent success for two radical strands of transport planning in the West Midlands.

The first is a positive and coherent determination to make communications planning a logical complement to the objectives of environmental renewal, industrial development, the encouragement of tourism and the boosting *of badly needed self-confidence.*

The second is practically an about-turn for an area that chokes on its major product – the motor car.

For three decades, Birmingham and – to a lesser extent though just as significantly – the towns of the Black Country, have designed and successfully built their environment according to the principle of giving free rein to motor traffic. In the centres, pedestrians have been confined to windswept canyons or consigned, like some sort of urban contagion, to bleak, filthy, crime-ridden underpasses.

A recent conference in Birmingham, the very shrine of this faith, concluded that the car was indeed too dominant and that people, instead of being flushed into subterranean oblivion, should be given key priority in future transport plans.

Mr Bob Tarr, director of the PTA, sees the Midland Metro as part of the breakaway from ideological pitting of private versus public transport. The first Metro link, to Wolverhampton, will be a £60m start to an eventual £800m-£1bn project. It will, besides taking some of the overload out of the system, be a source of jobs and inward investment – and the evidence from more than 120 rapid transit schemes around the world is that it will have a profoundly beneficial effect on local urban conditions.

Wolverhampton, where Mr Malcolm Reid, assistant chief engineer for the borough, is *looking for a similar spin-off from* the Black Country Route, can only get better in every way from this new and integrated philosophy in the business of getting goods and people from A to B.

Ian Breach

Robert Waterhouse profiles property developers Roy and Don Richardson

A tale of two citizens working in tandem

TWO PEOPLE won the 1987 Midlands Businessman of the Year award. Two people who look alike, work together seven days a week, and combine to set the entrepreneurial stakes.

The Richardson twins, Roy and Don, are property developers whose millions were made without recourse to bank borrowing or direct government subsidy.

Born in 1930 in the pall of Round Oak steelworks at Brierley Hill, Roy and Don Richardson left school in 1944 to enter their father's truck sales business. In the post-war reconstruction years they fuelled the growing demand for heavy vehicles to service local industry.

By 1980, when recession hit the Black Country with sudden ferocity and nobody bought trucks any more, the Richardsons had built up what Roy modestly describes as probably the biggest private dealer network in the country.

But they had also dabbled in industrial property for almost 20 years, turning surplus depot buildings into a profitable sideline. So, when they were forced to reassess their business, land seemed an obvious substitute for trucks. And land, in the Black Country of the early 1980s, was there for the taking.

The Richardsons' biggest venture, the one which has made them respected throughout the West Midlands, proved also to be nearest home. They bought the site and surrounds of the former Round Oak steelworks, which had the lure of being within the infant Dudley Enterprise Zone. They planned a mixed industrial area (and to prove it they have 70 commercial tenants on site).

But, testing the relaxed planning arrangements within the zone, they also persuaded MFI to open a retail warehouse. Roy Richardson notes that it wasn't a particularly profitable deal, but it established retail demand in the area and retail use for the site.

When the Merry Hill Centre, as it is now known, is completed next autumn it will offer almost 2m square feet of retail activity. Its retail warehouse tenants – MFI, Jolly Giant, Halfords, B&Q etc – lead on to a 110,000sq ft Carrefour superstore and shopping mall.

Then came the second-generation freestanding warehouses like Allied Carpets, ELS, Shoecity and Children's World, along with a Pizza Hut and a drive-through McDonalds. The final phase, called the regional mall, is drawing quality high street names, including a Debenhams department store, set around an indoor piazza and water garden.

To complete redevelopment of the 200-acre site, the Richardsons propose a leisure park, linked to shopping by a monorail system, which could, says Roy Richardson, be extended to Dudley town centre, where the council has an ambitious Black Country World leisure project, then through to the Light Rapid Transit line and even Sandwell Mall, a retail development of similar size to Merry Hill in which the Richardsons are taking a "relaxed" interest.

Official attitudes to Merry Hill vary between hand-wringing and reluctant admiration. Enterprise zones, it is argued, were not created to spawn monster retail complexes. The retail sector has proved buoyant enough elsewhere without rate holidays and capital write-downs against tax. More than that, Merry Hill has made nonsense of regional planning measures to protect existing towns and cities and control the development of out-of-town centres.

Yet, Roy Richardson claims, the very existence of Merry Hill has led a £1bn investment spree in West Midlands retail development. Put the Bull Ring renewal in Birmingham, improvements to Wolverhampton's Mander Centre and a £60m P&O/Bovis scheme for Dudley town centre together with Merry Hill and the proposed Sandwell Mall, and they all seem to be propelling each other.

Although it is within striking distance of the M5, Merry Hill is not particularly well served by roads (another reminder of its unconventional planning genesis). The Richardsons make up for this by generous, well-patrolled ground-level car parking, and are about to start a minibus service linking the local suburbs.

"A development the size of Merry Hill will force the roads to be done," suggests Roy Richardson. "We built the major road on the site, and are contributing heavily to other road costs which will diminish overall profitability."

He claims that during its final year of operation, Round Oak steelworks, which once employed 10,000 people, lost £37m. "You can understand why it shut, but it was a catastrophe for the area at the time. The banks, the Government and other bodies have taken considerable funds out of the area, so they should be putting something back. We aren't seeking handouts. What we want as businessmen is opportunity.

"We were born and bred here. We know what the area needs better than some of those southern-based politicians. We talk the people's language here and we act like the people here. We've never deserted the area. Every site we've developed here we've left in a better condition than before.

"My brother and I work seven days a week. We haven't taken any holiday for three years, except possibly two or three days at Christmas. When we express our views we are taken seriously by any political party, no matter what its colour, because there is very little on which they can criticise us.

"We're not politicians, we're businessmen. But we're businessmen who have a heart in the area. And we're proud of what we do. Not only that, profit isn't everything. We meet our social responsibilities."

Mr Richardson defines these by the local charities which benefit from donations – charities like the Dudley Venture, which was started by a £5,000 donation, and the Darby and Joan clubs. On the question of pride, he describes a daily routine:

Roy (left) and Don Richardson: "still the same fellows"

"I walk round Merry Hill every night. Sometimes two or three times a day, and on Sundays. I want to know why certain things aren't being done. If I have to shout and swear and make myself unpopular I do it. It's my name on the line. You don't get a policeman or a planner acting like that. That's why city centres are uncared for."

chief cleaner at the shopping mall who recently won Merry Hill's monthly cup and cash prize for employee care. "He's probably the best worker on the site. He's a former steel worker, and was without a job for six years. That's what gives you pride."

Planners and other professionals don't evoke the same respect in Roy Richardson's book. "Planners plan jobs away. The businessman can do without planners. People come in, especially from down south, who think you know nothing. We have employed some very expensive professional people who frankly have lacked commercial and practical experience."

But it amuses Roy Richardson when he meets groups of planners visiting Merry Hill on guided tours to learn from the experience. "We found at the beginning that the planners had no idea at all what would happen in the enterprise zone. In effect we became the planning authority ourselves, and we dealt with complaints personally."

Merry Hill's success, Mr Richardson says, has surprised a lot of people – politicians, the business community, even the twins themselves. "But we're still the same fellows. If some opportunity came up in the next five minutes we'd still do whatever we thought was right."

The Richardsons believe that their combination of track record, local knowledge and ability to move quickly makes them the natural operators for land in the Black Country Development Corporation area. Though their approach tends to provoke strong reactions, most who deal with them – even the spurned planners – praise their personal integrity and commitment. They are accepted by the business community as playing a key role in restoring confidence to the area.

Their financial interests extend to publicly quoted companies, including a couple which they control. Roy Richardson's Stock Exchange ventures reflect the caution of a man who has never risked more than he could afford. He hints that he took gains before last October's crash.

The centre of this multi-million empire is a former truck showroom (they still deal in spares) on Dudley Road East. Union Jack flags line the road frontage, alsatians slumber outside kennels ready to guard the compound at night. The Richardsons have embraced sophisticated security at Merry Hill; back home, they prefer it more direct.

Youth education and employment

The search goes on for serious vacancies

THOSE WHOSE responsibility it is to prepare young people in the Black Country for their first job have a bewildering set of conflicts to resolve.

In the first place, they are looking to fit entrants into an industrial economy which is marked by a very large number of small firms. In one borough alone – Sandwell – there are about 3,500 companies and nearly twice that number of individual employers.

Few have what the local education authority calls "serious" vacancies – jobs that will carry a training or apprenticeship. Still fewer require the higher skills and qualifications necessary for a professional career.

More than half the graduates emerging from the region's four universities (Birmingham, Aston, Keele, and Warwick) have science or engineering degrees. Where they find jobs is not clear, but it is not predominantly in the West Midlands engineering industry, where exactly the same proportion (51 per cent) of the workforce comprises unskilled operatives.

Common awareness of this is an obstacle to any educational policy that tries to break the traditional mould of leaving school at the earliest opportunity. If you know it is going to be hard to get a job, then better try at 16 than stay on acquiring qualifications that are not wanted.

Where there is already high unemployment, family pressure to leave school early and at least bring in some money – from a job or a "scheme" – increases the reluctance of many to stay on.

In the short term, new technology makes little difference: the small businesses which have re-equipped with modern machinery, microprocessors and so on, are in large part using available trained or trainable employees to operate them.

In the mid-1990s, however, such firms are going to be short of staff as the patterns of retirement and the effects of the late 1970s "baby trough" collide. These firms will be complaining if there is a prolonged shortage of educated young people.

Several initiatives are being used to address these problems. In Sandwell, the education authority has been looking at the American concept of "compacts", pioneered in Boston nearly a decade ago. The basis of the Boston compact was that companies endowed schools according to their success in reducing the drop-out rate; in return, the sponsoring firms would offer preferential consideration to these students when they eventually left high school.

Adapting this to British circumstances would mean some reappraisal of existing Youth Training Scheme-style bridges between school and employment, but it is an idea which Mr Ross Maden, industry-schools co-ordinator for Sandwell LEA, believes could prove fruitful.

A student on a company bursary, he suggests, would spend four weeks a year with that company on unpaid work experience which might include academic projects, work-shadowing and vocational education. Throughout the period of sponsorship, the company would pay £500 a year for each youngster.

In a discussion paper which has now gone to trade unions, chambers of commerce, and other institutions, Mr Maden argues the case for seeking 500 such bursaries, with an eventual target of 2,000.

Mr Geoff Brimsdon, director of education, points out that Sandwell already sends 95 per cent of its children on work experience programmes: "Many LEAs send only their less able youngsters on these schemes. We want all ours to have the opportunity to be enthused by industry.

"Sandwell is one of the most undernourished LEAs in Britain, but it is making much of the region's innate industrial strength, with redundant industrial employees in teaching posts and on the authority itself. It makes much of factory visits – and not only to look at products and processes, but people too.

"It is very helpful to take children to a firm like Lucas or GKN and be met by people who have degrees in classics or English Literature," says Mr Brimsdon. For the last thing he and his colleagues want is an industry-led reformulation of teaching curricula that excludes non-vocational subjects.

"All we want to do, and must do, is to break down barriers," he says.

While schools like the ones in Sandwell press ahead with work- and business-related activities as an adjunct to their more orthodox studies, other authorities and institutions in the West Midlands are facing the same problems with other solutions.

Walsall, also in the Black Country, has just conducted a survey of its employment and training needs. Among its conclusions are that significant numbers of companies eligible for assistance with training costs are missing out; that the image of industry, especially the engineering sector, is still distortedly unattractive to young people; and that there is a pressing need for management and supervisory training for small firms.

The outsider might conclude that these are statements of the obvious or well-known. But what is well-known is not always what is acted upon in a long-term and explosive area like education. Perhaps it would have been precipitate to have been thinking along these lines, say 10 years ago, even though many did entertain these very thoughts well before recession bit in the region.

What is needed now is a courageous and uncommonly well-researched overview that takes in the broad-grain, large-scale implications as well as the more urgent needs for lifting the present poor levels of job opportunity in the West Midlands.

To an extent, that is what Wolverhampton Polytechnic is doing by setting up its Unit for Industrial and Commercial Collaboration, for this is more than a mere vehicle for selling the fruits and facilities of higher education to industry. The unit is designed to anticipate and embrace the changes that are taking place in almost every social and industrial sector.

From a relatively modest base, Wolverhampton Poly may stand a better chance of achieving this than many colleges which have been grappling with the problems elsewhere in Britain: it is sometimes an advantage to be a late starter in these matters, free to acknowledge and react to facts of life that seemed theoretical only a few years ago.

After talking to educationists and representatives of industry, one conclusion clearly emerges. It would be in everyone's interest for a person to be appointed in each LEA whose job it would be to market the most vital commodities of all - the skills, imagination, and enthusiasm of most young people before they leave school and – so often – progressively lose the will and the ability to give industry what it so badly needs.

In the West Midlands, it is a crying matter that what the schools, colleges and LEAs are so good at goes largely unseen by their potential customers.

Ian Breach